

**Management of Micro Enterprises by Self Help Groups
and their Impact on Livelihood –
An Analytical Study in Selected Districts of Tamil Nadu**

Thesis

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By

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CERTIFICATE

This is to certify that the thesis entitled **Management of Micro Enterprises by Self Help Groups and their Impact on Livelihood – An Analytical Study in Selected Districts of Tamil Nadu** is the bonafide record of the original research work carried out by **Mr. V. Soosai** under my supervision and that it has not been submitted elsewhere for the award of any degree or diploma.

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DECLARATION

I, V.Soosai, hereby declare that the thesis entitled **Management of Micro Enterprises by Self Help Groups and their Impact on Livelihood – An Analytical Study in Selected Districts of Tamil Nadu** is the bonafide record of the original research work carried out by me under the guidance of **Dr.N.Lalitha**, and that it has not been submitted elsewhere for the award of any degree or diploma.

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ABBREVIATIONS

ACP	The Association Of Crafts Producers
ADB	Asian Development Bank
AIDs	Acquired Immune Deficiency Syndrome
APRACA	Asia Pacific Rural And Agricultural Credit Association
BAIF	Bhartiya Agro Industry Program
BRAC	Bangladesh Rural Advancement Committee
BASIX	Bharathiya Samrudhi Investments And Consulting Service
BPL	Below Poverty Line
CAPART	Council For Advancement Of People's Action And Rural Technology
CARE	Christian Action And Research Education
CBMFIs	Community Based Micro Finance Intitutions
CBOs	Community Based Organization
CSPs	Community Service Person
DFID	Department For International Development
DHAN	Development Of Human Action
DPIP	District Poverty Initiatives Project
DRDA	District Rural Development Agencies
DWCRA	Development Of Women And Children In Rural Area
FAB	Financial Advisory Board
FES	The Foundation For Ecological Security
FIN	Financial Inclusion Service
GDP	Gross Domestic Product
GDS	Grameen Development Services
GTZ	German Agency For Technical Co-Operation
IDS	Institutional Development Service
IFAD	International Fund For Agricultural Development
IGA	Income Generating Activities
IRDP	Integrated Rural Development Programme

ICT	Information, Communication And Technology
ITC	Indian Tobacco Company
JLGs	Joint Liability Groups
KVIB	Khadi And Village Industries Board
KVIC	Khadi And Village Industries Corporation
KVIC	Kadhi And Village Industries Commission
LEAD	Livelihoods Education And Development
MART	Market Research Team
MEDP	Micro Enterprise Development Program
MIS	Management Information System
MoRD	Ministry Of Rural Development
MYRADA	Mysore Resettlement Development Agencies
NABARD	National Bank For Agriculture And Rural Development
NLRM	National Livelihood Rural Mission
NGOs	Non Governmental Organization
NREP	National Rural Employment Program
NREGS	National Rural Employment Guarantee Schemes
NSSO	National Sample Survey Organization
NSDC	National Skill Development Cooperation
NTFP	Non Timber Forest Produce
PACB	Primary Agricultural Co-Operative Bank
PANI	People's Action For National Integration
PDS	Public Distribution Service
PLF	Panchayat Level Federation
RMK	Rastriya Mahila Kosh
PMRY	Prime Minister's Rozgar Yojana
PRIs	Panchayat Raj Institutions
RSETIs	Rural Self Employment Training Institution
RUDSETI	Rural Development And Self-Employment Training Institute
RBI	Reserve Bank Of India
SBLP	Shg Bank Linkage Program

SC/ST	Schedule Caste / Schedule Tribe
SEWA	Self Employed Women's Association
SEZs	Special Economic Zones
SFMC	SIDBI Foundation For Micro Credit
SGSY	Swaran Jayanthi Gram Swa Rozgar Yojana
SHGs	Self Help Groups
SHPA	Self Help Promoting Agencies
SHPIs	Self Help Promoting Institution
SIDBI	Small Industries Development Bank Of India
SIRD	Site Index Report Document
SJSRY	Swaran Jayanthi Shahri Rozgar Yojana
SL	Sustainable Livelihoods
SMEs	Small And Medium-Size Enterprises
STEP	Sustainable Technology For Education Project
TAHDCO	Tamilnadu Adi Dravidar Housing And Development Corporation
TNCDW	Tamil Nadu Corporation For Development Of Women Limited
TNCWD	Tamilnadu Cooperation For Women Development
TRYSEM	Training Rural Youth For Self Employment
UK	United Kingdom
UNCED	United Nations Conference On Environment And Development
UNIDO	United Nations Industries Development Organization
VOs	Voluntary Organizations
WORLP	Western Orissa Rural Livelihood Projects
WTO	World Trade Organization
YMCA	Young Men Christian Association

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ABSTRACT

In the development paradigm, 'SHG based 'microfinance has been evolved as a need based policy and programme to cater to the livelihood needs of neglected groups, especially women. The basic idea of microfinance is that if the poor people are provided with access to financial services including credit, they may very well be able to start or expand micro enterprises that will allow them to break out of poverty. While some of the SHPIs/NGOs are able to create linkages, to promote micro enterprises many small NGOs are unable to do so. The position of micro enterprise is therefore a matter of concern. The present study focuses on rural and disadvantaged poor in the villages of Madurai, Dindigul and Ramanathapuram districts who had ventured to start and run micro enterprises in an effort to improve their livelihoods.

The available literatures on the subject throw light on access to microfinance programmes, its functional aspects, and empowerment of women. The studies do not give the information about the various strategies adopted by the SHGs to manage the micro enterprises. Studies on micro enterprises run by Self Help Groups, factors facilitating and inhibiting the micro enterprises and assessment of the impact of enterprises on livelihoods of the households' are scanty. The present study is intended to fill this gap in research.

The broad objective of the study is to investigate the micro enterprises initiated by SHGs and assess the impact of micro enterprises on livelihoods of the SHG members. The specific research objectives of the study are to analyse the types of enterprises promoted by the SHG members, to assess the role of SHG Promoting institutions like federations, NGOs in promoting micro enterprises, to examine the strategies adopted by the SHG entrepreneurs to manage the enterprises, to investigate the factors that influence the success and failure of micro enterprises, to assess the impact of micro enterprises on livelihoods of the respondents, to identify the challenges from the perspective of SHG entrepreneurs and SHPIs and to suggest measures to meet the challenges in the field

Research Design: The study is based on descriptive design employing survey method. Both secondary and primary data form the basis for investigation. The present study is based on field survey covering 820 SHG entrepreneurs randomly selected from three districts of TamilNadu. Multistage random sampling technique was used for selection of sample units. In addition to pre tested interview schedules, focus group discussions, case study method, and scaling technique were used for collection of data from the SHG members, and NGO/Federation leaders. Statistical tools such as averages, percentage analysis 't' test and multiple regression analysis have been employed for analyzing the data. The findings of the study are given below:

Findings of the study: As high as 76.34 per cent of the respondents run livelihood activities such as petti shops, flower selling, vegetable shops, cycle repair, tea shops etc., and 23.66 per cent of the respondents are engaged in growth oriented micro enterprises such as computer centres, R.O water plants, aracanut plates production, paper cup

production nursery raising etc. Sector wise distribution of the enterprises shows that majority of the members were engaged in nonfarm related activities (43.18 per cent) compared to farm activities (30.36 per cent) and animal husbandry activities (26.46 per cent). The study has employed Anova test for assessing the variation among different districts in respect of profitability of the enterprises. The null hypothesis was tested and found that there is significant variation among the three districts in respect of profitability scores. The result led to the rejection of null hypothesis.

Out of the 820 SHG entrepreneurs, 51.22 per cent of the sample respondents invested the loan amount in starting new micro enterprises which seems to be a good beginning. District wise analysis reveals that successful units are found more in Dindigul district (64.55 per cent) as against 50.71 per cent in Madurai district and 43.54 per cent in Ramanathapuram districts. In all the districts under study the federation groups have fared better than the groups of MaThi NGOs. The percentages of failures are found more among the new enterprises in almost all the districts. On the whole the loss making units accounted for 27.32 percent of the total units in the study area and 24.63 per cent of the enterprises were under 'no-loss no profit condition. As such income effect in the case of 51.95 per cent of the units was nil in the study area.

Impact on livelihood

- The 48.05 per cent of the households in the study area acquired assets (especially livestock, machineries and equipments) and shifted from wage employment to self employment. Increase in income level resulted in food security
- The small farmers, marginal farmers started activity participating in the land lease market
- Distress and contract migration reduced,
- Household debt burden and dependence on moneylenders reduced
- SHGs became major credit supply institution with increased access to finance from commercial banks and NGOs
- Increased access to information by women on education, health and social issues have resulted in higher level of mobilization and action on social issues
- Various forms social capital increased substantially which increased solidarity peer support in crisis, linkages with government program and other institutions like banks
- Women are found in traditional or low income generating activities. They are engaged in these activities simply because these economic activities are characterized by an easy entry and exit and low capital, skills and simple technology requirements

Only 48.05 percentages of the respondents had impact of micro enterprises on livelihood. The remaining 51.95 percent could not succeed due to various constraints such as infrastructures barriers, link barriers, skill barriers and educational barriers. On the basis of the above findings, the study suggest the setting up of Micro enterprise Centre at the block level with the objectives of the skill and productivity base of the SHGs through appropriate technology and to facilitate the development of producers groups

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CHAPTER 2

REVIEW OF LITERATURE

Introduction

As preliminary and preparatory part of present research work, the researcher undertook a review of literature on micro enterprises, livelihood activities, Self Help Groups and micro finance. The review enabled the researcher to ascertain the contribution made by various experts and scholars in the field and to identify the promising fields awaiting fresh initiatives.

2.1. Self Help Groups and micro enterprises

Goetz Anne Marie (1995) reports on a 'second generation' problem in delivering credit to women, and examines whether women retain effective control over new cash resources. Borrowers from four credit – giving organizations were studied. The study tries to establish the degree to which women controlled the actual use of their loans in terms of managerial control over initial loan proposal, investment in productive assets, labour inputs marketing and use of profits.

Chen. Martha Alter (1996) outlined the participatory sub – sector approach for promoting women's enterprises, wherein she observed that the participatory sub – sector approach promotes selection of interventions by target people themselves rather than selection of interventions by outside experts

Lalitha N. (1997) observes that the role of women, as producers had been largely neglected in the design, formulation and implementation of development programmes till recently. The need of the hour is to develop talent / skills of entrepreneurship in women who holds the key for sustainable development. Against this backdrop the paper analyses the possibility of promoting entrepreneurship development among women through SHGs, examines the group approach to entrepreneurial development through SHGs. The article concludes that the SHGs have got the built-in potential to

inculcate the spirit of initiative, enterprise among rural women and motivate the group to take up entrepreneurial ventures under the able guidance of NGOs.

Puhazhendi.V and B.Jeyaraman (1999) found that as a result of group formation women were able to diversify their activities through undertaking non-farm and animal husbandry activities. Members taking up more than one activity increased from about 30% during pre-group formation to about 53% during post group formation situation.

A case – study on ‘Economic empowerment of women through Maharashtra Women Development Corporation was undertaken by Rizwana (2002) covering 12 SHGs. The Women Development Corporation organized training in various activities – canteen management, computer, tailoring etc. to women members apart from Entrepreneurship Development programme and linked up with NABARD, RMK, STEP and NORAD programmes for financial assistance to commence the production units. The study concludes that the programmes of women Development Corporation are not able to make a dent in the state for the development and improvement of women. Their role as a catalyst in promoting the cause of women in various socio-economic spheres of activities and integrating women development projects needs to be further strengthened.

Kalyani and Chandralekha (2002) made an attempt to identify the factors that motivate women to initiate the launching of enterprises and also the factors which inhibit or support their effective association in managing the enterprises. These findings are based on exploratory survey on a sample of 300 women entrepreneurs in two urban centres of Rayalseema area of Andhra Pradesh. The study has made use of the Padaki's ten-dimension index to make a quantitative analysis of the involvement of women in the management of micro enterprises. In addition to this data on socio – economic and demographic characteristics, their involvement in enterprise management was collected using an interview schedule. The result reveals that various socio-economic and demographic characteristics have significant impact on involvement of women entrepreneurs in their enterprise management.

Chatterjee Shanbar (2003) studied the implementation of Swarna Jayanthi Gram Swa Rozgar Yojana through SHGs in Jaunpur district of Uttar Pradesh and reported that 3909 SHGs had been formed during the period from April 1999 to November 2002 and analyzed the impact of rural entrepreneurship training on women SHG members and found that 60% of the trainees were active and utilized their learned training skills. About 40% of women were not taking any initiative.

Vijaya and Kamalanabhan (2003) argue that there is a need to treat entrepreneurial motivation as a separate entity and objectively measure and classify different types of motivation to draw meaningful inference. The authors attempt to develop a scale relevant to the Indian context to measure entrepreneurial motivation. The sample for the study was drawn from 195 potential women entrepreneurs. Five core motivations- the entrepreneurial core motivation, work core motivation, the social core motivation, the individual core motivation and the economic core motivation – were identified with the help of factor analysis by the principal component methods. Their strength is measured using the Likert type five point rating scale.

Mahajan, Vijay (2005) reported that the impact assessment study carried out at BASIX revealed that 52 percent of their three year plus micro credit customers reported an increase in income, 23 percent reported no change, while another 25 percent actually reported a decline. The reported reasons for these were un-managed risk, low productivity in crop production / livestock rearing and inability to get good price from input markets.

2.2. Studies on the problems faced by women entrepreneurs

Women, according to Vinze (1987) went for gender related trades. Researchers like Rani (1985) Singh, et al. (1986) and Seethalakshmi (1994) noticed a clear tilt towards non-traditional lines of business activity. These women in non traditional business units were found quite capable of making technically sophisticated products. Majority of them were seen in manufacturing followed by service industry and trading . Women entrepreneurs generally opted for proprietorship to co – operative and partnership organization. (Singh, et al., 1986; Anna 1989; George,1991; Srivastava, 1994). In many joint ventures of family members where

women entrepreneurs were projected as proprietors, they were used solely as rubber stamps to get the benefit from the government. (Srivastava, 1994)

Kaza (1997) investigated the reason for not sanctioning loans to women entrepreneurs by the banks in Baroda. He found that women gave more importance to family occasions like marriage, child birth or family disputes, more than running an enterprise. This had led to premature closure or shutting down of unit. Hence financial institutions were hesitant to give loans to women entrepreneurs.

Kotaiah (1997) reported the major constraint of micro enterprises as their limited access beyond local markets. Lack of market information, inability to scale up production and inability to adopt new technologies coupled with low quality, lack of standardization, and lack of infrastructure prevent them from promoting brand equity to enter niche markets.

Rengarajan.V. (1997) observed that an important ingredient in China's success with rural enterprise had been a minimum package of transport, telecommunications and power at the village level.

Asian Development Bank (1997) observed that women enterprises concentrated in sector with particular ease of entry and low returns. So, new starts and closures tend to be higher. Poverty reducing micro enterprises program make an impact by increasing income rather than generating new jobs. As a best practice, NGO can take up skill, capital and management intensive functions and leave the production function to the micro entrepreneurs.

Lalitha (1997) focusing on the empowerment of rural women, through bank credit in Dindigul district of Tamil Nadu, found that there is significant difference in the employed days of women borrowers, before and after the bank loan and empowerment in many dimension. It has also been proved in the study that with necessary forward and backward linkage facilities under an organizational set up, credit promoted activities of women borrowers have resulted in the emergence of

effective potential women borrowers, productive utilization of bank loan, high income generation and better record of repayment.

Ledgerwood Joanna (1998) found that the access to continuous financial services, including loans for capital purchases and savings to build up reserves, allows micro enterprises to increase their asset base and improve their ability to generate revenue.

Mosley, paul and David Hulme (1998) found that the tendency for the willingness to take risk and to invest in new technology increase with people having increased income, poor are more risk averse.

Awasthi.P.K. et al (2001) analyzed the working and impact of SHGs on economic status of women in watershed area of Madhya Pradesh and found that the SHG members suffered from lack of motivation, lack of backward and forward linkages, inadequacy of infrastructures, insufficient loan, inadequate provision for marketing and availability of inputs, lack of systematic monitoring and follow up of the activities. They reported that there is need to evaluate the SHGs annually to assess the progress of different income and employment generating schemes under SHG.

Choudhury . R. C. et al. (2001) in their study concluded that there exists no symbiotic relationship between SHG-led micro credit movement and micro- enterprise development. However, there are evidences, which indicated that the flow of micro- credit did trigger growth impulses among small entrepreneurs. The study observed that group enterprise on a big scale would involve greater risk but would yield better results to the entrepreneurs. The study reported that the active intervention by NGOs is a pre – condition for the successful conception of micro- enterprises in terms of skill training, designing products, providing new technology and access to market.

Dwaraka Nath H.D. (2002) carried out the socio economic survey of SHGs and revealed that the DWCRA bazaar helped rural women to earn an additional monthly income ranging from Rs. 500 to Rs. 2500 depending on the enterprise activities taken up by them. He also quoted that the major research project study of SHGs under DWCRA in Ranga Reddy district revealed that due to lack of skill and non availability

of infrastructure facilities a viable project become unmanageable. Lack of working capital and difficulties in raising it mattered a lot in small ventures of women (Rani, 1985; Singh et al., 1986; Anna, 1989; Singh, 1994). Cumbersome bank procedure and demand for collateral security dispirited many entrepreneurs. Many women reported that loan and credit facilities were available only on paper and there were too many problems of bureaucracy, corruption and red-tapism to be tackled. A highly competitive market was another constraint to women entrepreneurs (Anna, 1989).

Himachalan and Shankara (2002) highlight globalization as an adverse impact on emerging women entrepreneurs especially in rural areas. Severe competition from male counterparts, poor marketing strategies, non availability of raw materials, financial constraints managerial deficiency, lack of technical know-how, lack of specialized training, lack of infrastructure and lack of encouragement from government coupled with inability to take social risk and sense of inferiority act as barriers for women involved in enterprises.

Mambula (2002) analysed major constraints faced by SMEs in Nigeria. The analysis revealed that majority of SMEs faced the problem of finance, marketing, and infrastructure while managing their business. The author pointed out the need to form alliance with the government research institution and financial institution to provide appropriate training for prospective small business.

Mridul Eapen (2003) has reported that social background of the entrepreneurs in terms of father's occupation plays a significant role in selection and diversification of activities for micro enterprises. Familiarity with the activity gained through experience by working in related units or through familial contacts helps them to select the enterprises. She had conducted study among hundred small enterprises in Palakkad district. The relationship between local labour absorption and demand in selection of micro enterprise was reiterated through the study.

Aliva Mohanty (2004) analysed the micro enterprises promoted under different government programmes in 3 districts of Orissa namely, Phulbani, Sambalpur and

Cuttack, and found that only 6.83 per cent of the micro enterprises were promoted by SHGs. Lack of technical know-how, marketing and infrastructure support act as barriers for enterprise creation.

EDA rural systems (2004) carried out a study on development impact of micro finance in Macro finance supported projects of SIDBI and found that nearly one third of supported enterprises were newly started with micro credit. It was also observed that 64 percent of the enterprises reported increase in income. The study revealed that within the supported enterprises, 8 percent of them were closed and higher rate of closure was reported in newly started enterprises.

Joseph et al., (2005) documenting the experiment of FOOD, a Chennai based NGO, observed that e-commerce and e-market concept have helped the women co-operatives and NGOs to increase their revenue and scope of their market.

Sybi Mon Joseph (2007) through his study on the sustainability of micro enterprises run by Self Help Groups in Kerala emphasized that the NGOs and Governmental agencies should take the role of a facilitators. The role played by banks, NGOs and Kudumbashree are reported to be vital in growth and sustenance of units. He compared the performance of group enterprises with that of individual ones and reported that even though the investment in group enterprise is double than individual enterprise, it is not taken as a full time activity.

Badrinarayanan M.K. (2007) conducted study in the working of silk cluster at Kanchipuram, Tamil Nadu. The facilities provided by the cluster for purchase of raw material, marketing of stock and efforts for brand building etc helped the individual weavers to establish their enterprise effectively. To ensure financial stability and to avoid the dependence on NBFCs, creation of special innovation and incubation fund is suggested.

Burjorjee. M. Deena, et al. (2002) while documenting the best practices in micro finance reported that the gender based obstacles are related and can be mutually

reinforcing together. They work to limit the profitability of women's enterprises by building constraints to information, markets and capital into the very structure of women's businesses. They also noted that the entrepreneurship training for girls provides them with education, self confidence and role models during their youth.

Kropp. W. Erhard and B.S. Suran (2002) reported that using the total volume of SHG money to start a joint enterprise like food processing, food catering, running a village shop jointly, auctioning the right to organize the village market, etc., with all group members involved, is an indicator for the entrepreneurial enthusiasm created at the beginning; but joint micro – enterprise may not last long.

Kumaran K.P. (2002) evaluated the role of the Self Help Groups in promoting micro enterprises through micro credit in Pune district of Maharashtra and found that 37.93 percent of total entrepreneurs were in the age group of 25 to 30 years and 20.69 percent were in the age group of 31 to 35 years. The most common enterprises were tailoring and dairy. About 45.23 percent of the capital was raised from the SHGs and 29.39 percent of the capital came from banks as loans. The promotion of technical and back up services helped the micro enterprises to achieve sustainability to a great extent.

Pandian Punithavathy and R. Easwaran (2002) found that majority of women (59 percent) take up petty business units like milk vending, petty shop, vegetable vending, cloth business and Tiffin center etc, because the rural women find it easy to manage the petty business with their inherent skills and little education.

Chatterjee Shankar (2003) studied the implementation of Swarna Jeyanthi Gram Swarozgar Yojana (SGSY) through SHGs in Janupur district of Uttar Pradesh and reported that 3909 SHGs had been formed during the period from April 1999 to November 2002 out of which, only less than 2 percent obtained the bank loan for economic activities.

Eswaran (2003) analyzed the reasons for starting the business by SHG women in Madurai district and observed that 35.14 percent were motivated to be self employed 32.58 percent had started the business as they had been trained on the similar activity, 19.14 percent of them had entered into the business to earn money and 13.14 percent of them to carry on the family business.

2.3. Studies on the impact of globalization on the working of micro enterprises

Ramachandran et al., (1999) highlights export orientations as the major reason for Chinese growth. Chinese experience of forming export processing zone and special economic zones and decentralized economic system vesting powers with provincial Governments etc are cited as good replicable models.

Efforts towards Internationalization of SME units in Tirupur knitwear cluster were reported by Gangavkar (2003). Since the dismantling of quotas in 2004, the growth of Tirupur cluster was commendable. But the stringent pollution norms and competition from China, Bangladesh Pakistan and Sri Lanka have been identified as major threat in the WTO regime .

Halder, R.Shantana (2003) analysed the impact of micro finance programs of BRAC in Bangladesh and observed that the poverty among BRAC households reduced by 7 percentage from 59 percentage to 52 percentage during the last four years, while the incident of poverty among non-BRAC households increased from 68 percentage to 73 during the same period.

2.4. Livelihood Promotion

Singh D.K (2001) studied the impact of SHGs on economic conditions of target groups in Kanpur Dehat district and reported that the household annual income increased by about 28 percentage from Rs.20275 in the pre-SHG situation to Rs.25883 in the post –SHG situation. He also found that the household were dependent on labour income in the pre SHG situation. But, after the formation of SHGs, they derived maximum income from dairy.

Puhazhendhi.V. and K.C.Badatya (2002) observed that 45 percent of the members registered an increase in assets between pre-SHG and post-SHG situation. Increase in asset value was from Rs.4498 to Rs.5827 a thirty percent increase. They further noted that 20 percent of SHGs had not received any sort of the training and 15 percent of the members moved above the poverty line (BPL) standard.

Reid Peter. (2009) studied the difference between livelihood protection and livelihood promotion. Livelihoods promotion involves providing a stimulus, usually in the form of asset transfer, which will enable people to take positive steps out of poverty. Some of the income generating activities lend themselves better to short-term social protection for the poor than others. For instance, poultry, or small ruminants such as goats,, low cost enterprises often owned by the poor can be sold individually to meet shocks and stresses. The Revolving Fund could be used solely for livelihoods promotion activities.

Ronan Roche. (2007) in his studies Livelihoods Approaches as a conservation tool suggested that microcredit is important in enabling people to invest in the start up phase of a new livelihood project, as without it people may be unable to take a new activity forward. However, it is also often the case that micro credit schemes used to finance the new activities make the entrepreneur risky in repayment. It is easy and less risky to turn to an existing “tried ” activity.

Tripathy.K.K. et al (2010) concluded that the main problem areas of livelihood activities are found to be low financial base due to the absence of appropriate credit linkages, non-provision of socio-economic incentives to members, and the lack of group commitment to task accomplishment. The study emphasised the need for an integrated approach to programme governance in rural areas for sustainable development.

2.5. Performance of Self Help Groups

Nedumaran et al. (2001) examined the performance of SHGs in Erode and Tiruchirapalli Districts of Tamilnadu and observed that the savings and the average loan per group member in the groups showed an increase based on the age of the

group. The average annual savings per member was Rs.550 in the Self Help Group in the age group of 2-3 years, which almost doubled and the loan advanced increased by 33 percent after a period of 4 years.

Sirnivasan.G et al. (2001) analyzed the comparative financial performance of rural and urban SHGs in Coimbatore district of Tamilnadu and observed that the average total defaults were found to be higher at Rs.956 in rural SHGs, when compared to Rs.647 in urban SHGs. Because of higher defaults, the rural SHGs showed lower average recovery index (80 percent) than the urban SHGs (87 percent). They reported that the overall financial performance of the urban SHGs was better than that of the rural SHGs.

Chellappa, Chitra.C (2002) reported that SHG women respondents raised the capital for their micro enterprises from different sources namely 1 percent of the capital from own sources, 76 percent of the capital from commercial bank loans and 23 percent of the capital from the loans obtained from their SHGs

Manthiri, Abbas.A., (2003) compared the transaction cost of lending through SHGs and the normal loans and found that the total transaction cost of lending through SHG is reduced by 59.37 percent, when compared with the other loans.

Purushotham.P (2006) in his national study on SGSY carried out in 13 states found that 45 percent of group swarozgaris have been under financed when they availed the bank loan under the SGSY and the amount of under financing varies from 6 percent to 36 percent of the unit costs approved for those activities taken up by them.

Puhazhendhi.V (1997) while carrying out NABARD's evaluation study of SHGs in Tamilnadu found that during the early years of group formation, around 72 percent of loans were provided for consumption purposes whereas in the later period of the group functioning, 69 percent of loans were provided for production purposes. In the case of 45 percent of members, the loans were utilized for income generating activities such as animal husbandry, poultry and other non-farming activities.

Puhazhendhi.v. and Satyasai.K.J.S (2001) evaluated the performance of SHGs with special reference to social and economic empowerment and found that the impact of SHGs was relatively more pronounced on the social aspects than on the economic aspects, the score value of the social aspects being 40 in pre-SHG period as against 74 in the post-SHG period, while in the case of the economic aspects, it was 40 and 52 respectively.

Rani Sudha et al. (2002) examined the impact of SHGs on women empowerment through four aspects namely 'participation of women in house management', 'Empowerment in health and sanitation', 'Economic empowerment', and 'Leadership'. They found that the empowerment of women in the age group of 31-40 is higher than the other groups. In all the above four aspects, there is positive co-relation between the education status and empowerment. They further observed that the extent of empowerment in all four aspects increased with the period of participation.

Ahuja Abha et al. (2002) analysed the impact of the rural entrepreneurship training to women SHG members and found that 60 percent of the trainees were active and utilized their learning training skills. About 20 percent of women did not take any initiative.

Tanmoyee Banerjee (2009) in his paper observed that income generation through group activities improved the average income of group members but the inequality of the distribution of income was high among the group members than that of the non-group members. Secondly, there was a significant decline in the medical expenditure and school dropout in the families of group members than that of non-group members.

Ramalingam.C (1987) studies SHGs through case study method and reported that the group system failed where the members had come together only for the sake of taking loan and the group pressures did not work because the groups did not have a

very cohesive structure and the group comprised members of both the poor and the non-poor classes.

Puhazhendhi.V (1997) evaluated the SHGs in Tamil Nadu and observed that among the total number of groups promoted by different NGOs, about 9 percentages of them disintegrated over the last five years. Reason attributed for such disintegration were non-cooperation of individual members with group activities, personality clash between office bearers and the group and lack of follow up by the NGO field staff.

Srinivasan Girija (2000) while making a case study on Sahyadri grameena bank in Shimoga, Karnataka, observed that initially loans were assured to many of the groups, and hence the groups were formed very quickly. However, since loans were linked to savings of the group and the loans were not sufficient to meet the credit needs of the members, many of the groups became defunct. She also reported that as per the estimates of the head office of the Sahayadri grameena bank, nearly 40 percent of the group were defunct.

Lalitha N. and Nagarajan.B.S (2002) reported that bigger the size of the group, lower is the group cohesion. Thus, the size of the group is inversely related to cohesiveness. It is found out from the study that 45 percent of the sample respondents were not satisfied with the present size of loans. There is an emerging gap between the credit expectation and credit supply and unless this gap is reduced, the social momentum of the project may be adversely affected in course of time.

Malaisamy.A et al. (2001) assessed the repayment and overdue position of SHG and Primary Agricultural Co-operative bank (PACB) beneficiaries in Madurai district of Tamilnadu and found that the average borrowing per member of SHG was Rs. 4528, where as the average borrowing per member of PACB was Rs.10065. PACB members had higher overdue of Rs.4884 per household as compared to the SHG members overdue of Rs.1012 per household. The regression analysis revealed that 53 percent of the variation in overdue position was explained by the debt-asset ratio, educational level of the beneficiaries and membership in SHGs.

Sethi Binodini et al. (2000) evaluated the performance of SHGs in Kalahandi district of Orissa and reported that only 28 percent of the members of SHGs in the district received credit support from banks under the linkage program. There was uneven distribution of credit among the members. As regards the quantum of credit support, the per capita loan was about Rs.650.

Tankha, Ajay (2002) analysed the cost of promotion of SHGs and found that for promoting SHG under a minimalist model of pure bank linkages, it costs Rs.4000 per SHG, whereas for promoting SHG under empowerment model and livelihood support, it costs between Rs.10000 and Rs.12000 per SHG.

Kabeer, Naila (2005) analysed the impact study findings from South Asia and reported that 1 percent increase in loan to women borrowers with the Grameen bank increased the probability of school enrolment by 1.9 percent for girls and 2.4 percent for boys.

Kaza (1997) investigated the reason for not sanctioning loans to women entrepreneurs by the banks in Baroda. He found that women gave more importance to family occasions like marriage, child birth or family disputes, more than running an enterprise. This had led to premature closure or shutting down of unit. Hence financial institutions are hesitant to give loans to women entrepreneurs.

Mridul Eapen (2003) has reported that social background of the entrepreneurs in terms of father's occupation plays a significant role in selection and diversification of activities for micro enterprise. Familiarity with the activity gained through experience by working in related units or through familial contacts helps them to select the enterprise. She had conducted study among hundred small enterprises in Palakkad district. The relationship between local labour absorption and demand in selection of micro enterprise was reiterated through the study.

Lalitha (1997) focusing on the empowerment of rural women, through bank credit in Dindigul district of Tamil Nadu, found that there is significant difference in the employed days of women borrowers, before and after the bank loan and empowerment in many dimension. It has also been proved in the study that with necessary forward and backward linkage facilities under an organizational set up, credit promoted activities of women borrowers have resulted in the emergence of effective potential women borrowers, productive utilization of bank loan, high income generation and better record of repayment.

2.6. Factors influencing success or failure of micro enterprises

A study on SEEDs in SriLanka (Sear and Simon, 2001) found that not all the enterprises started through SEEDS loans were self sustaining and some also failed. Further, enterprises were also of marginal scale and did not make any profit and incurred losses making the enterprises very vulnerable. The study noted that there was high social pressure from peers, family and friends to repay SEEDS loans. The enterprises which had been successful helped in building the material wealth of the entrepreneurs and their family. However whenever there was a failure, it pushed entrepreneur and the concerned family into more poverty and increased debt burden.

A study by Tietze etal (2007)in Orissa examining SHG entrepreneurs engaged in fishing activities under SGSY programme found that internal loan did not match with the demand for loans of the members. There was a huge demand for training and capacity building but the training was provided only to three members per SHG. The authors observed that members especially fisher women had low education, lack of access to health facilities and lack of adequate housing facilities and other infrastructural facilities. The study recommends capacity building programmes for these micro entrepreneurs like hygiene fish drying with the use of solar dryers, shell craft production and developing marketing strategies. There was an urgent need to identify markets and marketing strategies for these products and need to develop a pilot production and marketing operations strategy.

Promotion of micro enterprises using microfinance has mixed outcomes. Midgley (2008) pointed out that the poorest of the poor do not participate in the micro enterprise programmes supported by Microfinance Institutions

Ionmoyee Banerjee (2009) in his case study made an attempt to estimate economic impact of SHGs in Parganas district of West Bengal created under SGSY programme and observed that income generation through group activities improved the average income of group members but the inequalities of distribution of income was high among group members than that of the non group members. Further there was a significant decline in medical expenditure and school drop out rate in the families of group members than that of non group members SGSY

A comparative study (Field et al, 2010) on responsiveness of training among women entrepreneurs belonging to different social groups found that religious and caste sanctions imposed in India put restrictions on women entrepreneurial activities. It was found that upper caste women were more responsive to business training and training allowed them to challenge the social norms that obstructed their business whereas muslim women who faced more social restrictions faced considerable discrimination in the market place in which they were operating. It had a history of communal tension. Interestingly the study found that sanctions due to gender norms were less restrictive for the lower castes than that for upper caste women. However authors indicate that increasingly the lower caste women follow the gender norms laid by the upper caste. Given these problems, the authors indicate that the micro enterprise development programmes for women might fail to achieve sustained economic growth

Samapti Guha (2010) made an attempt to assess the impact of micro enterprises on income and employment levels of SHG members under SHG Bank Linkage programme promoted by NABARD in Jammu Kashmir, Gujarat, Andhra Pradesh and Himachal Pradesh. The study also exposed the problems faced by the micro entrepreneurs like lack of marketing facilities, lack of supply of raw materials in local markets, obsolete technology leading to low scale of productivity and lack of skill training to upscale the enterprises.

Satpal Sunil and Silender Hooda (2010) pointed out that there is lack of diversities in SHG activities in Haryana and highest amount of resources have been spent on primary sector and mainly on milch animals. There is little attention given to other areas such as handloom, handicrafts and other activities in the state. The problem of marketing of goods by SHGs is big constraint

The objective of the paper by Idowu (2010) is to assess the impact of micro finance on small and medium industries in Nigeria. Simple random sampling technique was employed in selecting the 100 SMEs that constituted the sample size. The findings revealed that significant number of SMEs benefited from MFIs loan even though only few of them were capable enough to secure the required amount needed. Other than tax incentives and financial support, it is recommended that government should try to provide sufficient infrastructure facilities such as electricity, good road network and training institutions to support SMEs in Nigeria.

Henry James (2012) documents the issues of micro enterprises owned by women. Researchers tend to use gender simply as a variable to explain success vis-à-vis relevant understanding of gender as a social construct. Such works disregard how specific power relations influence women's opportunities for success. Gender and micro enterprise theorists do better at incorporating power relations into explanation of why women start micro enterprises and why their performance differs from that of men. They also take a broader view of micro enterprise success by combining economic and empowerment outcomes recognizing the diverse roles self employment plays for women. The relevance of power issues to success and the need for cultural sensitivity in enabling women's opportunities to achieve positive enterprise outcomes are highlighted through the example of women's involvement in micro enterprise sector in South Asia.

Vasanthakumari (2012) makes an attempt to evaluate the role of micro enterprises in Kerala in empowering women economically and also to compare the role of promotional agencies in economic empowerment of women entrepreneurs. The population of the study constituted 1470 SGSY units, 620 promoted by the NGOs and 850 promoted by state government. From each category a sample of 2 per

cent has been selected at random . Paired 't' test was the main tool used for analysis. The hypothesis that SHG linked micro enterprises succeeded in empowering micro entrepreneurs economically is accepted.

2.7. Activities of SHG Federation

A study (Heiden 2006) was conducted in Uttar Pradesh to determine the contribution of SHG Federation to economic, political and social empowerment of SHG members. These federations were of two different types promoted by two NGOs viz., people's action for national integration (PANI) and Grameen Development Service (GDS). The findings of the study have been mixed and are strongly dependent on the structure and service provided by the SHG federations. The financial and administrative sustainability are strongly interlinked and highly dependent on the structure and range of service by the federations. The federation concept of PANI is simple and less complex than that of GDS.

A study conducted by APMAS (2007) focusing on the extent of SHGs members in federations revealed that the percentage of SHGs having federation membership was the highest at 10 percent in AP, followed about 37 to 38 per cent in Karnataka and Bihar (19), in Maharashtra and Gujarat the federated SHGs accounted for about 16 to 18 per cent of the total number of SHGs in these states. The percentage of federated SHGs was negligible in West Bengal (1 per cent), Rajasthan (3 per cent) and Assam (7.6 per cent) . In all the states put together, the percentage of SHGs which are not having any federation membership was more than 70 per cent indicating a large scope for forming federations.

A study (Chowbey et al 2011) on the scope of promoting micro enterprise activities through SHGs in select districts of Bihar and Uttar Pradesh with 456 respondents covered under the Priyadarshini programme revealed that more than 90 per cent of the respondents were matured SHG members who had undergone MEDP / REDP training. The study highlighted that hardly 15 per cent of the matured SHG members in U.P. and Bihar had graduated to micro enterprise and that two at a lower level business. Difficulties in getting adequate credit , low level of awareness and lack of

skills were the main reasons for not graduating to micro enterprises. Even the 15 per cent of the matured SHG members who had graduated to Micro Enterprises were still at the nascent stage and their business size was not economically viable. The study also highlighted that the coverage SHG members and micro enterprise development programme had a definite and positive impact on their income generation levels.

2.8. Research Gap in the literature

A review of some relevant and important pieces of literature carried out by the investigator can be classified under the following heads viz.,

- Performance of Self Help Groups
- The type of micro enterprises run by SHGs and their functional aspects
 - The problems faced by the women entrepreneurs in general and
 - Role played by NGOs in promoting micro enterprises among women SHGs

A comprehensive review of the above literature throws light upon women entrepreneurs and micro finance programmes and problems of micro enterprises.. These studies are extremely valuable. The review helped the investigator to analyse the various dimensions of micro finance and micro enterprises and narrow down the problem for the current study. However several questions remain to be answered

Most of the studies on microfinance have highlighted the rising number of SHGs and the amount of bank credit provided to such SHGs. The question that has remained largely answered is livelihood analysis of the SHGs. Strategies adopted by SHGs to manage the enterprises and the impact of micro enterprises on livelihoods of the entrepreneurs are conspicuous by absence. To what extent have the micro finance programmes been successful in helping micro enterprises ? Do the enterprises initiated by SHGs function with long term vision?. What is the impact of micro enterprises on the livelihood of SHG members ?. The question remain to be answered. A comprehensive study of micro enterprises in rural areas dealing with aspects of mapping of stakeholders of micro enterprises, analysing their linkages and dynamics is not available.

Studies on micro enterprises run by Self Help Groups their success and weaknesses, factors facilitating and inhibiting the micro enterprises' and assessment of the impact of enterprises on livelihoods of the households and survival are scanty. Rural realities on micro enterprise at the micro level are missing. The present study is intended to fill this gap in research.

2.9. Justification for the present study

These gaps in the literature have been given due attention in the present study which are important from the point of view of policy implication. The present study attempts to investigate the role of SHG federations / NGOs in promoting the micro enterprises in Dindigul, Madurai and Ramanathapuram districts, of TamilNadu and the impact of micro enterprises on the livelihoods of the respondents. The study also explores how management strategies of the SHGs could be designed and improved upon to help them contribute to poverty alleviation .

2.10. Issues for investigation

As a result of the review of literature certain issues for further research emerge. The present study primarily investigates the following issues.

- The type of micro enterprise activities promoted in the study area with the SHIP grant / bank loans
- Specific factors which are supportive to the development of livelihood activities in the study area. marketing challenges faced by the micro enterprises in farm and non – farm sector
- backward and forward linkages available to sustain the success of the micro enterprises
- The promoting / deterring factors of micro enterprise activities in the study area.
- The impact of the continued access to SHG based / individual based micro enterprises on the livelihoods of the respondents

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CHAPTER 3

RESEARCH DESIGN

Title of the Study:

Management of Micro Enterprises by Self Help Groups and their impact on livelihood
- An analytical study in selected districts of Tamil Nadu.

3.1. Statement of the Problem:

The ability to earn is a key element of poverty reduction. In the context of lack of regular and remunerative wage employment, micro enterprises represent opportunities for self employment which poor people, with appropriate support can take advantage of. From a gender perspective, micro enterprises represent an opportunity for women to gain direct access to income when they may have limited opportunities for alternative (for instance wage based) employment, In terms of economic empowerment, micro enterprises provide scope for developing and exercising competence in managing an activity, handling funds, taking responsibility for business transactions and taking decisions.

Microfinance programmes of two decades across the country have shown convincingly that the poor are reliable in repaying the loans. Loans taken under these programmes have helped the groups to increase their income somewhat but the micro enterprises started by them are hardly sustainable in covering the costs and generating the surplus. In the development paradigm, microfinance has been evolved as a need based policy and programme to cater to the needs of neglected groups, especially women. The basic idea of microfinance is that if the poor people are provided with access to financial services including credit, they may very well be able to start or expand micro enterprises that will allow them to break out of poverty. The basic idea of microfinance is simple; but the process is complex. It is expected that microfinance schemes in the form of savings and credit activities would succeed in changing the livelihoods of poor, enhancing income and generating positive externalities such as increased confidence and dignity thereby empowering them.

Women ought to be empowered, if they have to break the vicious circle of poverty or integrated rural poverty. Hence the need to underscore the importance of taking up women's empowerment and income generation activities as interlinked issues in poverty alleviation.

A number of successful Self Help Groups have mobilized sizable funds through savings of members and interest collected besides bank loans. Large number of matured older SHGs have completed a few cycles of borrowing and repayment of credit under SHG Bank Linkage programme. These groups and SGSY members have acquired adequate experience in using credit for productive purposes and several of them are poised for taking the next steps for graduating as micro enterprises. However in order to do so, they require support of backward and forward linkages which are often not available. While some of the NGOs are able to create linkages, many small NGOs are unable to do so. There is need for escort or handholding services to take up higher level micro enterprises. The position of micro enterprise is therefore a matter of concern.

The present study aims at investigating the complex relationship between microfinance and women's graduation of micro enterprises process which has not been probed in depth so far. The Government calls up the SHGs to shoulder poverty alleviation programmes and plan for convergence programmes of various departments with SHGs . The potential of microfinance in graduating the SHGs into entrepreneurs is under debate.

The following are some of the key issues of the micro enterprises run by the SHGs which need to be considered and probed into:

- Do the groups possess the absorbing capacity with required skill for proper utilization of credit to initiate micro enterprises?
- Is there shift in access to micro credit from consumption to micro enterprise?
- Whether the tall expectation about the graduation of SHGs into promoters of group enterprise is getting realized?

- Is training readily available or upgrading of skill is required
- What is the role played by various stakeholders in building up the leadership skills, technical skill and management capabilities of SHGs for sustainable development of micro enterprises
- Are the SHGs able to mobilize adequate finance for their various investment needs of micro enterprises?
- How do the banks, government offices, NGOs and other resource organizations coordinate with each other to promote micro enterprises?
- How far the entrepreneurial talent among the poor are being identified and nurtured
- Do the SHGs receive adequate capacity building and business training?
- To what extent have the micro finance programmes been successful in promoting the micro enterprises?
- What are the strategies adopted by the SHGs to manage the enterprises?
- What has been the role of NGOs and financial institutions to promote micro enterprises and what should be their future strategies?
- What are the problems faced by the SHG entrepreneurs?
- Are the raw materials locally available?
- Do the products have a market?
- Do the SHGs have the required technical knowledge and skill to initiate enterprises?
- Do they have the work place to carry on the activities
- What has been the resultant impact of micro enterprise promotion on the livelihoods of the families?
- Do the group enterprises perform better than the individual enterprises

Given the progress achieved by the SHGs and also the problems confronting it, the study makes an attempt to assess the programme focusing on the above key questions related to micro enterprises of SHGs and arrive at possible strategies to take it forward. To analyze such questions a study was undertaken in three districts of Tamilnadu with the following objectives:

The broad objective of the study is to investigate the micro enterprises initiated by SHGs and assess the impact of micro enterprises on livelihoods of the SHG members. The specific research objectives of the study are as follows:

3.2. Objectives of the study

- To analyse the types of enterprises promoted by the SHG members
- To assess the role of SHG Promoting institutions like federations, NGOs in promoting micro enterprises
- To examine the strategies adopted by the SHG entrepreneurs to manage the enterprises
- To investigate the factors that influence the success or failure of micro enterprises
- To assess the impact of micro enterprises on livelihoods of the respondents
- To identify the challenges of SHG entrepreneurs and SHPIs
- To suggest measures for policy changes for better implementation of micro enterprise.

3.3. Hypothesis

- Women borrowers of micro credit do not have full control over the management of enterprises
- There is no difference in the micro enterprise activities of SHGs of different SHPIs from the districts under study
- There is no difference in the livelihood position of SHG during the pre and post micro enterprise situation.

3.4. Methodology

The study is descriptive one based on survey method covering both secondary and primary data in Madurai, Dindigul and Ramanathapuram districts of Tamilnadu

3.5. Sampling frame and sampling technique:

The present investigation adopted Multi stage random sampling method for the selection of districts, NGOs, groups and micro enterprise owners. The 820 SHG entrepreneurs who have more than 4 years of experience in running micro enterprises, drawn from 685 groups based on systematic random sampling constituted the respondents of the study. The SHGs were drawn from both Mahalir Thittam NGOs and Non Mahalir Thittam NGOs functioning in Madurai, Dindigul and Ramanathapuram districts of Tamilnadu

Chart 3A **Multi stage sampling**

Stage	Selection of unit	Sampling
Stage – I	Selection of State	TamilNadu, is the second leading State in microfinance in India
Stage – II	Selection of districts and blocks	Dry and hilly area - Dindigul district (Oddanchatram block) Coastal area - Muthukulathur district (Ramanathapuram and Kadaladi block) Peri urban area - Madurai district (Usilampatti block)
Stage – III	Selection of NGOs	NGOs with more than 6 years of experience in microfinance programme in the selected blocks
Stage – IV	Selection of groups	Groups with more than 4 years of experience in running micro enterprises
State – V	Selection of members	10 percent of the members in selected groups

The sample frame and sample size of the study is given bellow:

Table 3.1 Sample frame and sample size

District	NGOs/Federations	Groups	Members	Percentage	Sample respondents
Madurai	Ragam federation	135	1620	10	162
	Master	98	1175	10	118
Dindigul	Sigaram federation	132	1580	10	158
	DMSS	112	1344	10	134
Ramanathapuram	Janashakthi Federation	124	1471	10	147
	Kaveri	84	1005	10	101
Total		685	8195	10	820

3.6. Area profile

The study has been carried out in three districts of Tamilnadu. Among the three districts Dindigul is backward region with hilly areas and part of Madurai, is rural located nearer to urban and Ramanathapuram is coastal area.

Table 3.2 Area of the study

Description	Madurai	Dindigul	Ramanathapuram
Area Sq.Km	3742	6266.64	4089.57
Total population	3041038	2161367	1337560
Male	1528308	1081934	676574
Female	1512730	1079433	660986
Male literacy	86.55	84.91	87.89
Female Literacy	76.74	68.82	74.93
Sex ratio	990	998	977
Population density	823	357	320
	Madurai	Dindigul	Ramanathapuram

Source: Census 2011

3.6.1. Madurai: Madurai, one of the major districts of Tamilnadu has a rich history and is situated in the South of Tamil Nadu. Its geographical position is at North latitude between 9.30^0 and 10.30^0 and at east latitude between 77.00^0 and 78.30^0 . In 1984, the vast Madurai district was bifurcated into two districts namely Madurai and Dindigul districts. Subsequently in 1997, Madurai district was bifurcated into Madurai and Theni districts. The district is surrounded by several mountains and is famous for Jasmine flowers, which are transported to other districts of India.

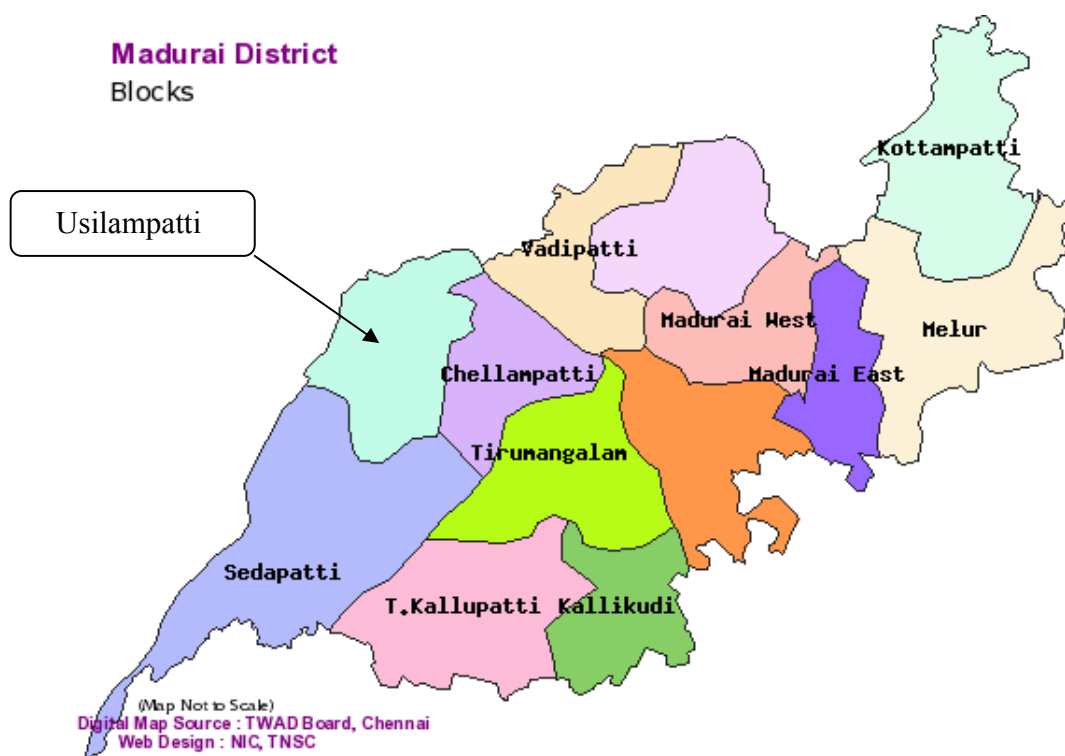
Table 3.3 portrays the number of SHGs in rural and urban areas of Madurai district.

Table 3.3
SHGs in Madurai District as on 31.03.2012

Description	Rural	Urban	Total
No of groups	12236	6407	18643
No of members	188752	98552	287274

(Source – Tamilnadu women development corporation – 2012)

Fig 3.1 Madurai District – Blocks



3.6.2. Area Profile - Dindigul District

Dindigul district was carved out of the composite Madurai district on 15.9.1985. This district is bound by Erode, Coimbatore, Karur and Tiruchi district on the north, by Sivaganga district on the east, by Madurai on the south and by Theni and Kerala on the west. It spreads over an area of 6266.64 sq.km. It comprises of 3 revenue divisions, 7 taluks and 14 panchayat unions. According to 2011 census its population is 2161367 comprising of rural population of 1353808 and urban population of 807559. Its population is roughly equal to the nation of Namibia or to the US state of New Mexico. Its population growth over the decade 2001-2011 was 12.39 per cent. Dindigul has a sex ratio of 998 females for every 1000 males and a literacy rate of 76.85 per cent. Dindigul is primarily an agro based town of TamilNadu. About 70 per cent of the population earn their living directly or indirectly through agriculture.

Table 3.4 portrays the number of SC/ST in rural and urban areas of Dindigul district.

Table 3.4
SC / ST Population in Dindigul district

Particulars	SC	ST
Rural	269809	3512
Urban	106361	2972
Total	376170	6484

(source – Dindigul district annual report – 2013)

The Chinnalapatti town panchayat in the district is famous for handloom industry. Dindigul is an important wholesale market for onion and groundnut. Oddanchatram is a noted market for vegetables. It is famous for export of butter, manufactured in the nearby villages using cream separators. Kodaikanal (called as the princess of hill station) and Sirmalai are situated in the district. There are 4 dams – Polar, Porandalar, Varathanathi, Parappalar- in Palani taluk and Maruthanathi in Dindigul taluk to augment irrigation facilities to agricultural fields in the district. Nilakkottai town is famous for brass vessel and jewellery and Nilakkottai taluk is famous for cultivation and marketing of jasmine and grapes. Pattiveeranpatti in Bhatlakundu block is famous for cardamom and coffee curing enterprises.

Table 3.5
Banking and Insurance in Dindigul District

No. of banks	195
Primary cooperative banks	197
Life Insurance	
a) office	4
b) policy issued	58843
c) sum assured (crore)	6.40

Fig 3.2 Dindigul District - Blocks

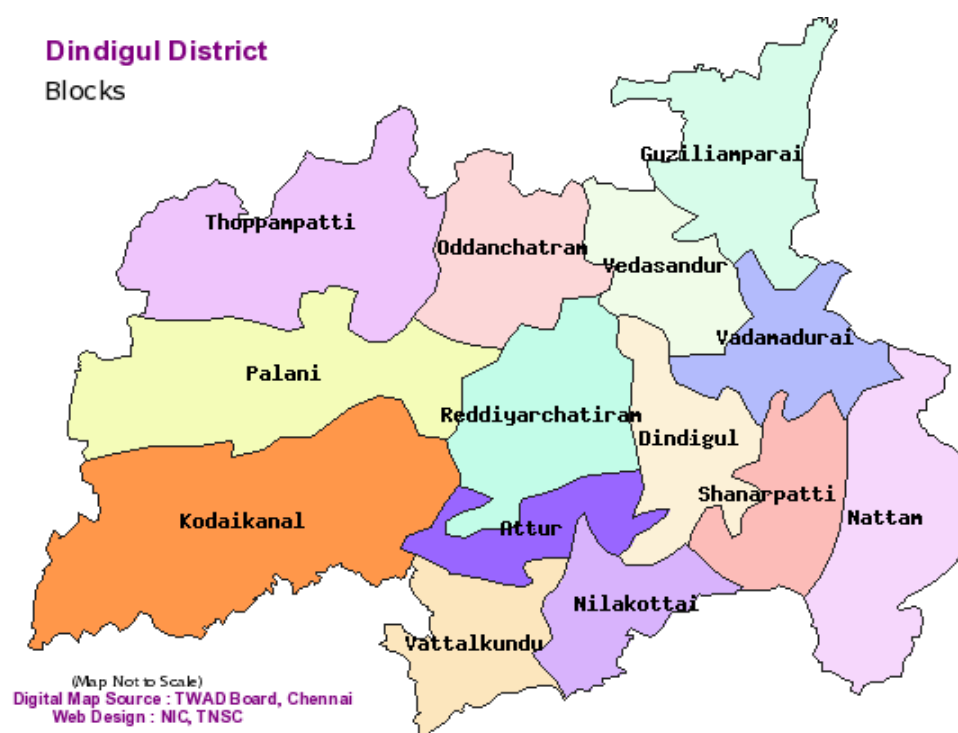


Table 3.6 portrays the number of SHGs in rural and urban areas of Madurai district.

Table 3.6
SHGs in Dindigul District as on 31.03.2012

Description	Rural	Urban	Total
No of groups	12850	4077	16927
No of members	198827	62501	261328

(Source – Tamilnadu women development corporation – 2012)

3.6.3. Ramanathapuram (Ramnad): Ramanathapuram district is located in the South East of Tamilnadu and bounded on north by Sivaganga district, on east by Palk Bay Coastline, on west by Virudunagar and on South by Gulf of Mannar coastline. The district headquarters is based in Ramanathapuram. It is comparatively dry area and the major crops include cholam, cambu, ragi, millets, cotton, sunflower and groundnut. The total coastline is 271 kms. There are 10264 boats, 10685 fishing craft, 7 fishing processing factories and 160 prawn farms.

Fig 3.3 Ramanathapuram District - Blocks

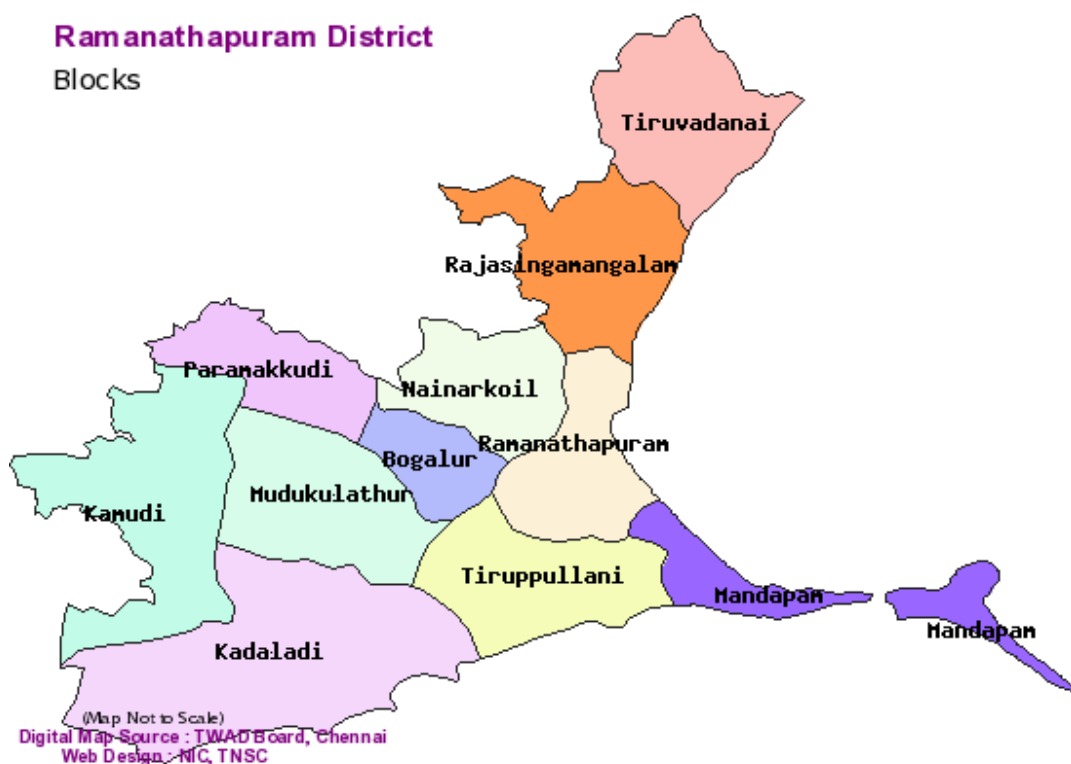


Table 3.7 portrays the number of SHGs in rural and urban areas of Madurai district.

Table 3.7

SHGs in Ramanathapuram District as on 31.03.2012

Description	Rural	Urban	Total
No of groups	9899	2589	12488
No of members	152776	39780	192556

(Source – Tamilnadu women development corporation – 2012)

3.7. Operational definitions of the concepts used in the study

SHGs: SHG is an informal association of homogeneous 10-20 persons with a common objective of helping themselves mutually, striving for their economic as well as social advancement and also for the overall community development.

Microfinance: Microfinance refers to provision of thrift, credit and other financial services including insurance and products of very small amount to the poor in rural, semi urban and urban areas for enabling them to build assets, to earn income and improve their living standards.

Micro credit: Micro credit refers to the small loan programmes extended to the poor (the lenders may be SHGs, NGOs or Banks) people for both consumption and self employment projects that generate income allowing them to care for themselves and their families. The lenders have the discretion to determine the rate of interest on micro credit.

Micro Enterprises:

Micro enterprises are those enterprises which employ less than ten workers including family labourers, use predominantly locally available resources and skills and cater to the local and sub regional markets. In this study enterprises with a total investment between Rs.5000 and 4 lakhs are considered as micro enterprises

Micro entrepreneur: Micro entrepreneur is one who takes the risk of organising and managing a micro enterprise with a view to earn profit.

Individual enterprises:

Individual enterprises are those which are owned by a single member of the SHG and operated by one or more than one person

Group Enterprises:

Group enterprises are those which are owned and operated by more than one member of the SHGs

Sustainability of Micro enterprises

Sustainability of micro enterprise means the continuance of the enterprise operation profitably for a longer period of time. Here the entrepreneur may continue the same activity or diversify the activity or change the activity but continues the enterprise operations.

NGOs: Non-governmental organization is an organizational entity set up by a group of persons guided by social commitment and ideology for promoting welfare of lowest strata of the society. The NGO promotes SHGs in the microfinance programmes.

Revolving Fund:

Revolving fund is a financial assistance provided to SHGs to augment the group corpus and create credit discipline by enhancing their financial management skills. Proper utilization of revolving fund will help in making SHGs credit worthy and access bank loan

Economic Assistance:

Economic Assistance is financial assistance with subsidy given under SGSY to matured SHGs for starting economic activities after submission of proposals to the bank

Mahalir Thittam:

Mahalir Thittam is a scheme launched by the Government of TamilNadu to mobilize poor women into Self Help Groups and capacitate the women towards empowerment for poverty alleviation and self reliance.

Traditional occupation

Traditional occupations are those associated with knowledge and skills already possessed by members or members of the family

Non traditional occupation: They are not associated with earlier skills and knowledge already possessed by SHGs but acquired because of training and motivation by NGOs

Livelihood

Livelihood is a means of making a living. It encompasses peoples capabilities, assets, income and activities required to secure the necessities of living. A livelihood is sustainable when it enables people to cope with and recover from shocks and stresses (such as diseases and economic and social upheavels) and enhance their wellbeing and that of future generation without undermining the natural environment or resource base.

External support:

Support extended by external agencies like NGOs, government for upliftment of women is termed as external support

Bonding social capital:

The strong ties connecting family members, neighbours and business associates can be called bonding social capital. These ties connect people who share similar demographic characteristics.

Bridging social capital:

The weak ties connecting individuals from different ethnic and occupational background can be referred to as bridging social capital.

Linking Social Capital:

Linking Social Capital consists of the vertical link between poor people and people in positions of influences in formal organisations banks, agricultural offices etc.

Common fund:

The common fund of the SHG includes total savings, interest income earned by the SHGs and other receipts minus expenses and the savings returned.

Backward Linkage:

Background Linkages are the services which provide the supply of some or all of the raw materials, training / credit/other services that are used for the production.

Forward Linkage:

Forward linkage is the services which take care of distribution and marketing of the products or services of the enterprises.

SHG Bank Linkage Programme:

SHG Bank linkage programme is a major microfinance programme in India wherein the banks lend to the SHGs in proportion to their common fund, after the development of fund-management capacity and stabilization of their operations by SHGs. SHG Bank Linkage Programme also delivers capacity building services to its members through the NGOs.

Empowerment:

Empowerment is a process whereby women challenge the existing power relations and organize themselves to increase their own self-reliance, challenge the ideology of patriarchy and hence participate in leadership and decision making process, to assert their independent rights to make choices and to control resources (income,

knowledge, information, technology, skill training) which will assist in challenging and eliminating their own subordination.

Social empowerment

Social empowerment is operationally defined as the extent to which the members of the SHGs have gained power to improve their status both in family and society.

Economic Empowerment:

Economic empowerment is defined as the process through which the members of SHGs have gained access to economic resources and control over economic activities such as management of income, expenditure and own assets.

Technological Empowerment:

Technological empowerment is a process through which the members of the SHG have gained power through acquiring more information and technologies.

Psychological empowerment:

Psychological empowerment is defined as the process through which the members of the SHGs have gained power through enhancement of their mental setup / change in attitude.

Rural area:

Rural area is the area which has population of Rs.10,000 or less, the main occupation of the rural people being agriculture and agro-based activities.

Federation:

Federation refers to network of Self Help Groups functioning in a specific area.

Capacity building of SHGs:

Capacity building refers to imparting necessary knowledge and skills, to SHG through structured trainings, like accounts training leadership training, federation training and others.

Internal Loan:

Internal loan also called sangha loan is the loan given by SHGs to its members out of its own common fund.

Apex organizations:

NABARD, SFMC (SIDBI Foundation for Micro Credit) and RMK (Rashtriya Mahila Kosh) are the apex organisations in the Indian context which deliver the funds / promotional grants to the banks, NGOs and MFIs for on-lending to the SHGs and for the development of the microfinance sector.

Business Development Services:

Business Development Services are those services which help an enterprise to expand its market, improve to efficiency and to find a solution to the business problems. It includes training on entrepreneurship development programme, skill development training, business management training, auditing, business-plan preparation, registration with government authorities for complying with various legal provisions, product / process development, technical assistance, market information, quality control and others.

Household enterprise:

It is the enterprise run by the family members. Family's basic unit is household, which includes its different family members, their resource and capabilities.

Social intermediation:

It is the process in which investments are made in the development of human resources and institutional capital with the aim of increasing self reliance of marginalized groups and preparing them to engage in formal financial intermediation. It includes non financial support provided to prospective borrowers to help them acquire skill and values which they need to initiate sustain their micro enterprises namely training, credit norms and procedures, savings discipline, business management and assistance in organization of groups.

Entitlement: Entitlement refers to legitimate effective command over alternative commodity bundles in a society using one's totality of rights and opportunities. Entitlement includes both access and claims. While access refers to opportunity in practice to use an asset and services, claims are demands and appeal which are made on an asset by an individual agency (NGO) or a community (family).

3.8. Source of data

The study is based on both secondary as well as primary data. The secondary data were collected from the records of federations and NGOs and records maintained by the groups, office of TamilNadu Women Development Corporation Limited, and Banks. The primary data were collected from the group members selected for the study from the selected districts of Tamilnadu

3.9. Tools of data collection

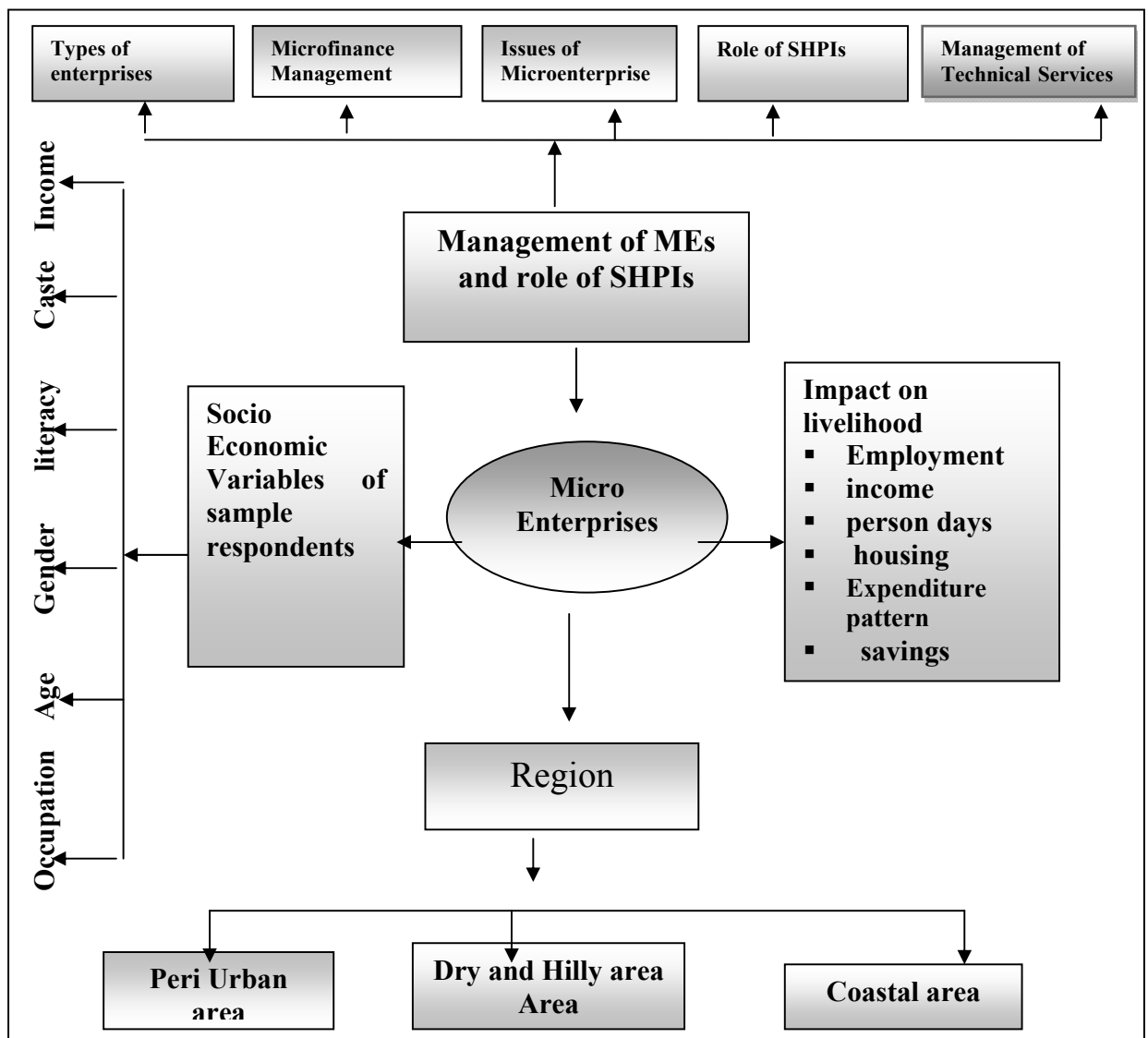
Bearing on the objectives of the study two interview schedules were framed for the purpose of collecting data. The first interview schedule was used to gather data from the NGOs (Self Help Group Promoting Institutions), and the second one was addressed to the owners of micro enterprises. The schedules were finalized after pre-testing. In addition, Focus Group Discussion and case study method were also used to collect in-depth information from the micro enterprise owners.

3.10. Analysis of the data-Statistical tools used

- 't' test has been used to test the significance of difference between pairs of means, to test whether there is significant difference between the pre SHG income, and post SHG income level and employment generated
- The study has employed Anova test for assessing the variation among different districts in respect of profitability

- Multiple regression has been employed to identify the factors influencing sustainability of micro enterprises
- For the above statistical computations, a standard package SPSS version 21 and Epi Info 7 were used

Chart 3B Analytical Framework of the study



3.12. Organization of the study:

Chapter 1 introduces the concept of micro enterprise and the role of microfinance in promoting micro enterprises.

Chapter 2 reviews the literature related to microfinance, micro enterprises and livelihood, identifies the research gap and presents justification of the present study

Chapter 3 presents the research design of the study.

Chapter 4 deals with the livelihood framework and experiments

Chapter 5 portrays the socio economic profile of SHG women and seeks to gauge the management of micro enterprises and its sustainability aspects

Chapter 6 analyses the impact of micro enterprises on livelihood

Chapter 7 presents the major findings of the study and brings out their policy implications.

CHAPTER 4

Livelihood Promotion – Key Concepts and models

4.1. Introduction to Livelihoods

A person's livelihood refers to the means of securing the basic necessities – food, water, shelter and clothing of life. Livelihood is defined as a set of activities, involving capacity to acquire above necessities working either individually or as a group by using endowments (both human and material) for meeting the requirements of the self and his/her household on a sustainable basis with dignity.

In development thinking livelihood refers to the way people make a living and 'analyzing livelihood systems' is the analysis of the factors involved in the way in which people make a living. Making a living is largely about generating income. But this is really a means to an end which also includes aspects of :

- Food security
- Providing a home
- Health
- Reduced vulnerability to climatic, economic or political shocks
- Sustainability – the ability to continue to make a satisfactory living
- Power – the ability to control one's own destiny

It is important not to lose sight of these long term goals. In other words improving rural livelihoods involves more than just maximizing the production of crops or livestock. Although most agricultural research is about natural resources, plants and animals agricultural researchers cannot ignore the fact that agriculture is a human activity. The farming systems that people develop depend on social, economic, cultural psychological and policy factors as well as on natural or bio physical factors.

4.2. What is Livelihood - broad definition?

Livelihood is:

- A set of economic activities, involving self-employment and/or wage-employment
- by using one's endowments (human and material)
- to generate adequate resources (cash and non-cash)
- for meeting the requirements of self and the household,
- Usually carried out repeatedly and as such become a way of life.

Ideally,

- a livelihood should keep a person meaningfully occupied,
- in a sustainable manner,
- with dignity

Livelihoods, therefore, go far beyond generating income. A livelihood is much more than employment. The hidden complexity behind the term 'livelihood' comes to light when governments, civil society, and external organizations attempt to assist people whose means of making a living is threatened, damaged, or destroyed. From extensive learning and practice, various definitions have emerged that attempt to represent the complex nature of a livelihood. This is the definition suggested by Chambers and Conroy is as follows :

A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base. (Chambers & Conway, 1991)

4.3. Need for Livelihood Promotion - Why to promote livelihoods?

- The primary reasons to promote livelihood is the belief in the essential right of all human beings to equal opportunity. Poor people do not have life choice nor do they have opportunities. Ensuring that a poor household has a stable livelihood will substantially increase its income, and over a period of time asset ownership, self esteem and social participation.
- The second reason for livelihood promotion is to promote economic growth. The 'bottom of the pyramid' does not have the purchasing power to buy even the bare necessities of life – food, clothing and shelter. But as they get steadier incomes through livelihood promotion, they become customers of many goods and services, which promote growth.
- The third reason for promoting livelihoods is to ensure social and political stability. When people are hungry, they tend to take to violence and crime.

4.4. Evolution of Livelihood Promotion Efforts in India

Thinking on livelihood promotion evolved a great deal since the early days with contributions from people like Rabindranath Tagore, conceiver of the Sriniketan experiment, Spencer Hatch of YMCA, Marthandam experiment, Fr.Brayne of the Gurgaon experiment, Albert Mayer of Etawah project who initiated livelihood promotion in their own ways. Mahatma Gandhi one of the early livelihood thinkers of 20th century had a holistic vision of livelihood, with the deep concern for both the poor and sustainability. Gandhiji suggested developing local economies by promoting inter dependent activities as a member of mutually supportive community, eventually leading to 'gram swaraj'.

During this period the emphasis was on building human capital and imparting knowledge as the people lacked the know-how to do better. Even in the years after independence government, policies and strategies were based on similar principles. The Multi purpose approach to promote rural livelihoods was promoted during the First and Second Five Year Plans through the Community Development Programme and Panchayat Raj System

The Second Five Year Plan attempted to institutionalize the efforts through Panchayat Raj System and built local decentralized institutions. Khadi and Village Industries Commission is the largest livelihood promotion institution effort based on Gandhian lines. Set up in 1950s KVIC is an example of integrated sectoral livelihood intervention. It can be called as the first government intervention in the non agricultural sector. The KVIC selected nearly 20 activities from gur (jaggery) making to khadi (hand spun, hand woven cloth) and promoted a network of training centres, production units, common processing facilities and marketing outlets. Some examples of livelihood intervention based on sectoral and target group approaches started during the Third Five Year Plan, Annual plans and Fourth Five Year Plans. Green Revolution, an example of sectoral livelihood promotion programme was started with introduction of high yielding varieties seeds, infrastructure support in the form of irrigation facilities, roads, warehouses, market yards etc. This was supplemented with development of agricultural credit delivery system, support to fertilizer and other agri-input companies and investment in agricultural Universities for research and training

National Dairy Development Board was set up in 1969 to replicate the Anand model of cooperative milk marketing in the entire country. It created systems of milk procurement, processing and marketing across the country under Operation Flood Programmes. Further NDDB made infrastructural investments in chilling centres, feeder balancing, dairy plants, cattle feed plants, veterinary centres and vaccine plants among others. It also invested in research and development projects related to dairy science and processing of milk products.

By the 70s despite this kind of livelihood development approach, the gap between the rich and the poor was growing.

The ongoing subsidies did not succeed in generating sustainable livelihoods. All this gave rise to a new thinking which popularized the concept of self help. "The poor know how to manage their livelihoods, all they need is access to capital" Ela Bhatt started the SEWA Bank in India as a cooperative bank of self employed poor women

in 1974. Professor Mohammad Yunus began the experiment of the Grameen Bank in Bangladesh in 1976. In Latin America large number of NGOs began micro credit programmes through solidarity groups

These efforts quickly multiplied and their unique features in contrast to the IRDP type of loans was the high repayment rates, over 95 per cent. The 1990s saw millions of households being covered by micro credit programmes all over the world. In Bangladesh alone, the Grameen bank, BRAC, ASA and Proshika reached out to over 2 to 3 million borrowers each.

4.5. Contingency approach to Livelihood Promotion:

In 1989, Vijay Mahajan and Thomas Dichter proposed an alternative livelihood promotion strategy through a paper: 'A contingency approach to Enterprise Promotion'. They argued that promoting enterprises was complex and a better approach was to identify the bottleneck and to work on it.. In many cases credit could be the only constraint. In such cases minimalist credit was the right approach ; in other cases credit is needed but is not the main constraint.. What is needed could be skills, inputs or markets. The livelihood intervention agency needs to identify the bottleneck and provide services to overcome them. The services offered should be contingent upon what is needed in the situation.

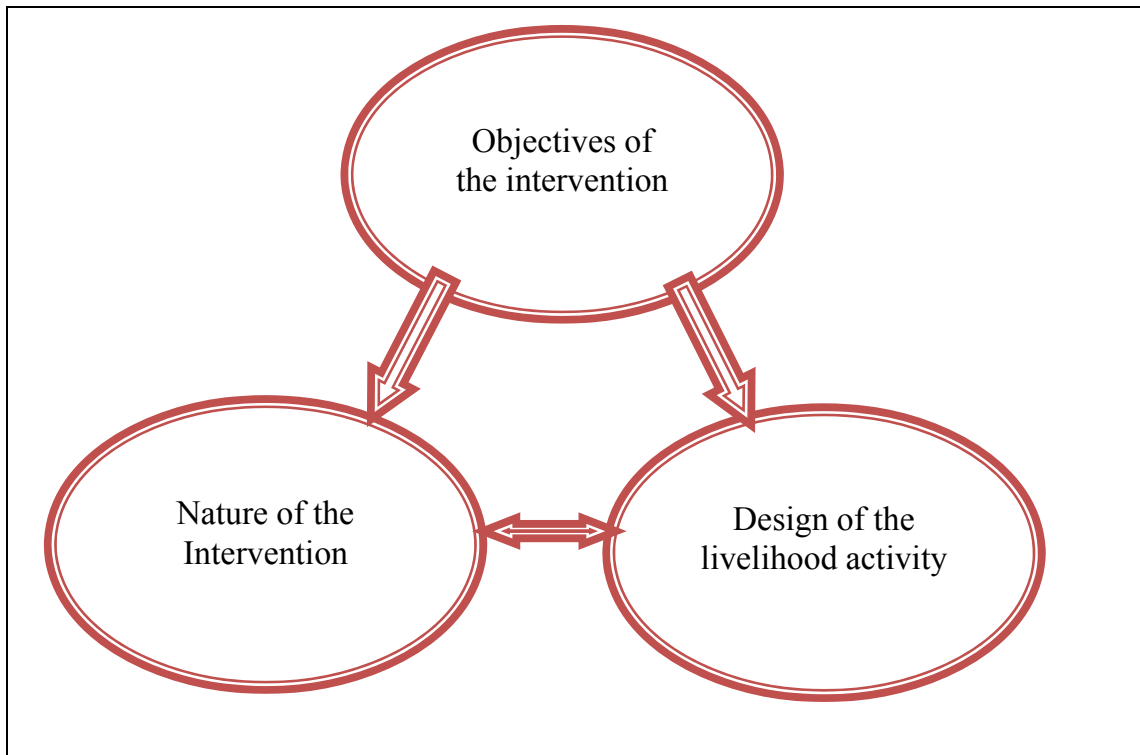
4.6. Minimalist vs integrated approach

The debate between minimalist credit and integrated credit promotion approaches began to converge in the 1990s. An example of this synthesis is Self Employed Women's Association, Ahmedabad. The Mahila SEWA Trust provided a range of training and support services to members and staff and insurance services also made a beginning.

4.7. What is livelihood intervention?

Livelihood interventions are conscious efforts by an agency or organization to promote and support livelihood opportunities for a large number of people. Three elements of the design of the livelihood intervention are given below

Figure 4.1 - Three elements of Design of livelihood intervention



Source: Module 3 A framework for analyzing livelihood intervention choices

4.8. Framing the Objectives of livelihood interventions

Livelihoods can be enhanced in many ways. Among others, it can be done by:

- Enhancing income
- Creating assets or wealth
- Increasing food security
- Reducing risk
- Reducing variances in income
- Reducing rural to urban migration
- Organizing producers to have greater control over their livelihoods
- Enhancing the money that circulates within the local economy

Although achieving one objective sometimes leads to fulfilling the other objectives, this is not always so.

Fig :4.2 – Creating Assets

Creating assets

A household's most important livelihood assets are the labor and skill of family members. They are of course important because they provide people with a means of earning income in the first place.

The home, which can double up as a business premises, is often another very important asset. In contrast, poultry sheds or lift-irrigation infrastructure are examples of enterprise assets outside the home.

The common fund of savings and credit groups is another example of an asset created through a livelihood intervention. Pooling savings within a group, and then lending it to members of the group, is also a means of circulating resources within the community.

If creating assets is the objective, points to be considered are as follows

- Who will own the assets?
- What rights and responsibilities will individuals have, if the community owns the asset?
- What rights will users have if an individual entrepreneur owns an asset?

The primary objective of most livelihood interventions in India today, is enhancing incomes and food security. Asset creation is usually seen as a means to enhance incomes. While organizing producers, again to achieve better returns, is also common, however, strategies to reduce risk are less common, and very few interventions explicitly focus on enhancing the money that circulates within the local economy. Reducing migration is often an outcome of other livelihood strategies, but is very rarely a stated objective. However, in the recent years, with the opening up of the insurance sector, many new initiatives in this direction have been started. ICICI-Lombard, ICICI-Prudential, AVIVA, among others, have developed different products to reduce the risk of various livelihoods supporting activities.

4.9. Nature of the intervention

The nature of livelihood intervention can vary along three dimensions:

- **The sector to be intervened:** It should be decided whether the existing livelihood activity is to be improved or a new activity has to be promoted
- **The point of intervention:** Which part of the value-addition chain is to be focused? Whether missing inputs such as technology development or credit has to be provided or integrated with the delivery of inputs, or intervened at multiple points providing several services have to be decided
- **The instrument of intervention:** What is the tool of intervention? Whether people have to be trained to make the necessary changes?
- Whether policy changes have to be brought out to bring changes that help people?

4.9.1. Sector to be intervened

The sector to be intervened is often choice based demand upon the demand and factor conditions.

However, there are choices:

- One could choose to improve upon an existing livelihood activity. For example, SIFFS introduced motorized boats among small fishermen in Kerala
- Or one could work on a livelihood activity new to the area. For example, MYRADA introduced assembling watchstraps in collaboration with Titan Watches in a predominantly agrarian area

4.9.2. The point of intervention

After choosing the sector in which to intervene, it is important to identify in what to intervene in. For example, if dairy sub-sector is chosen it is necessary to identify whether to improve fodder production, or to process the milk, or to build linkages with the market, to get the best benefit to the producers.

Intervention can be to improve the production process itself as in the case of PRADAN, which developed a small-scale technology for rearing poultry and is helping tribals to take up such production. Seri-2000 with the support from SDC helps silk farmers to improve their rearing processes

Producers can be helped to get a better market price for their produce. Example, SIFFS facilitates marketing of the fish caught by its members. NDDDB has setup processing plants and provides marketing channels for the milk produced by the members

4.9.3. The intervention strategy

The issue of where to intervene in the value-addition chain and the choice of approaches on how to intervene are closely linked.

The inputs to be focused on during intervention strategies

- a) **Technology:** Some interventions in livelihoods have evolved around technological intervention. SIFFS has introduced motorized boats using a simple technology to help the fishermen.
- b) **Training:** Training inputs have been an integral part of most interventions in livelihoods. MYRADA had given significant skill building to rural girls to take up the contract for watchstrap manufacturing of Titan, while promoting MEADOW.
- c) **Marketing:** The Association of Crafts Producers (ACP) provides marketing assistance to a wide range of producers in Nepal. Other interventions like Janarth, NDDDB, extended market support services to the producers.
- d) **Asserting Rights:** The National Alliance of Street Vendors lobbied for the rights of street vendors worked with national, state and local governments. Similarly, SEWA focused on ensuring that the beedi roller got what law entitled them to.

- e) **Policy Advocacy:** Livelihood choices are often enabled or restricted by the policy environment. SEWA made significant dent in the policy environment, which earlier never recognized unorganized workforce as labor.
- f) **Building Local Interdependent Economy:** Interventions designed to strengthen an interdependent local economy, where a large proportion of the inputs required for an activity are procured locally, and value addition is done to the produces also at the local level, have been tried by some agencies, as in the case of Dhruva-BAIF.
- g) **Credit:** BASIX, a rural livelihoods promotion institution working in many states in India, extends micro-credit services for a variety of rural activities including farming, animal husbandry, cottage industries, trade and services.
- h) **Infrastructure:** Some interventions also provide infrastructure, such as developing milk-chilling centers, various food processing units etc. Infrastructure such as creating milk chilling centers or building a road is often beyond the capacity of NGOs. However, there are several examples of NGO interventions in creating small or micro infrastructures like grading and sorting platform or creating a common work place for community. The case on DHRUVA may be referred , which has created community owned processing unit.
- i) **Institution building:** In some cases the organization promoting or supporting livelihoods has focused only on building producer organizations. The Aga Khan Rural Support Programme in Gujarat has been involved in organizing communities into various peoples' institutions such as Water Users' Association, Mahila Vikas Mandal while developing watershed in this area. These institutions have emerged as strong peoples' organizations, where the livelihood choices are made by these organizations and not by the intervention agency.

It is not essential that only one instrument of intervention is to be chosen; it is also possible to use more than one. For example providing livelihoods support services of many kind like provision of good quality input , timely credit and output marketing (as AKRSP does,)

4.10. Funding of the Livelihood Activity

4.10.1. Grant-based Funding

Grants are good to start with and to provide a range of services in addition to the primary activity itself, but may lead to uncompetitive businesses, which close down when grant funds run out.

4.10.2. Loan-based Funding

Loans allow for proper investment in the business, but may be difficult to access and difficult to repay if the business fails.

4.11. Equity

Equity is more flexible and less risky than loans, and is in many ways the ideal finance for an activity, but is often very difficult for a micro or small enterprise to secure. The case of MYRADA-MEADOW provides an example where workers themselves contributed equity-type funds to allow the business to invest in infrastructure. In many livelihood interventions, poor households provide sweat-equity in the form of their labor.

4.12. Financial Orchestration

A combination of grants, loans and equity can also be chosen. This kind of financial orchestration gives flexibility to do initial work (which is often not commercially feasible) with grant support and then take loans when the livelihood activity is in a position to scale up.

Government of India has been one of the large agencies involved in such promotion efforts. However the cooperative sector as also the NGO sector have also contributed to promoting livelihoods.

Here are a few examples:

- Government program for development of irrigation in India has added over 40 million hectares of irrigation since independence, largest in human history. This has generated or stabilized the livelihoods of millions of people. In agriculture, the predominant livelihood interventions covered irrigation through large dams and canal systems till the 1960s, followed by the introduction of the high yielding varieties package during the Green Revolution, impacting the livelihoods of over 40 million farmers and a similar number of landless laborers.
- Government programs such as the National Rural Employment Program (NREP), refashioned as the Sampoorna Gram Samridhi Yojana, guaranteed wage-employment to the poor in the lean season through public works such as road building. Part of the wages were paid in kind as food grains, which was a carryover from the erstwhile “food for work” program
- Government programs such as the erstwhile Integrated Rural Development Program (IRDP), refashioned as the Swarna Jayanti Grameen Swarozgar Yojana (SGSY), promoted self-employment among the poor through acquisition of an income generating asset with the help of a bank loan and a government subsidy
- Special government programs, run in specific states, to promote both wage employment, such as the Employment Guarantee Scheme (EGS) of Maharashtra and to promote self-employment through highly subsidized asset acquisition, such as the World Bank sponsored District Poverty Initiatives Program (DPIP) in AP, MP and Rajasthan.
- Programs run by sectoral institutions such as the National Dairy Development Board, the Central Silk Board, the Coir Board, the National Horticultural Board, and the Development Commissioners for Handloom and Handicrafts
- Programs run by non-governmental agencies, for promoting livelihoods in different regions and sectors, such as by World Vision India, SEWA, BAIF, MYRADA, AKRSP, PRADAN, RGVN and BASIX.

- The Self Employed Women's Association (SEWA) works with over 750,000 self-employed women of low-income households
- Bhartiya Agro-Industries Foundation's (BAIF) program supporting one million livelihoods, comprising cattle cross-breeding, pasture development, horticulture, etc.
- Venkateswara Hatcheries intervention to develop the poultry sector, culminating in the National Egg Coordination Council, which serves over 200,000 poultry producers.
- Various micro-finance interventions by banks and NGOs have influenced the livelihoods of more than twelve million people.

4.13. Various types of livelihood interventions

Livelihood interventions can be in many forms and go far beyond running an income generation programmes. Some of the approaches of livelihood interventions in India are as follows:

4.13.1. Spatial approach

It refers to promoting livelihoods in a specified geographical area such as a region, sub region, command area or a watershed. The examples are given below:

- Supporting locally inter dependent economic activities based on a leading intervention as done by various state governments in the irrigation command areas – Indira Gandhi Canal in Rajasthan, or the horticulture based DHRUVA project of BAIF in Valsad, South Gujarat
- Supporting livelihoods in a degraded watershed or degraded forest area such as MYRADA's PIDOW project in Gulbarga, Ralegaon Sidhi in Maharashtra and the numerous joint forest management projects supported by AKRSP in Gujarat.
- Intervention in a cluster of enterprises such as Ludhiana for hosiery, Badohi-Mirzapur for carpets, Kancheepuram in TamilNadu and Sualkuchi in Assam for silk saris and so on

4.13.2. Segmental approach

It refers to promoting livelihoods for a vulnerable segment of the population such as landless households, tribals, women and disabled

- Supporting livelihoods of the poor through micro credit for example SEWA, SHARE and BASIX
- Investing in human development – nutrition, health, education and institutional development (for example CARE's Women's Income and Self Help Project, Jharkhand)
- Asserting the rights and entitlements approach of the poor – whether to minimum wages, land tenure or access to public services for example National Association of Street Vendors of India asserted the rights of livelihood of street vendors

4.13.3. Sectoral approach

It refers to promoting livelihoods along a sector of the economy such as agriculture or a sub sector

- Sub sector interventions such as dairy, fishery and sericulture usually covering the value chain from primary production to the ultimate consumer e.g NDDB in dairy
- Intervention along Vector (something which cuts across all sectors) such as water, power or market linkage e.g MART, which has worked on rural haats – local markets

4.14. Livelihood Triad

BASIX strategy is to provide a comprehensive set of livelihoods promotion services which include Financial Inclusion Services (FINS) Agricultural /Business Development Services (BDS) and Institutional Development Services (IDS) to the rural poor households under one umbrella

The BASIX Livelihood Triad includes the following services

Chart 4A The BASIX Livelihood Triad

Financial Services	Inclusion	Agricultural /Business Development Services	Institutional Development Services
Savings: direct as well as through Business Correspondents		Productivity enhancement through increase in yields or reduction in costs	Individual level awareness, skill and entrepreneurship development, building solidarity and trust
Credit: agricultural, allied and non farm sector activities; loans for housing, water & sanitation, vocational training		Risk mitigation (other than insurance) –such as livestock vaccination	Formation of groups, federations, cooperatives, mutual benefits etc of producers
Insurance for lives and livelihoods – health, crop, livestock, micro enterprise assets		Local value addition through processing – such as cotton ginning or milk chilling	Accounting and management information systems using IT
Money transfer for migrant workers and micro pensions		Alternate Market linkages –Input supply, output sales	Building collaborations to deliver a wide range of services
Warehouse receipts		Diversification from farm to allied and non farm activity	Sector and policy work analysis and advocacy for changes /reforms

4.14.1. The rationale behind the Livelihood Triad strategy is as follows:

Micro credit by itself is helpful for the more enterprising poor people in economically dynamic areas. Less enterprising poor households need to start with savings and insurance before they can benefit from micro credit, because they need to cope with

risk. However in backward regions , poor people , in addition to microfinance, need a whole range of Agricultural /Business Development Services. For instance, productivity enhancement, risk mitigation, local value addition and market linkages need to be provided. To offer these services in a cost effective manner, it is not possible to work with poor households individually and they need to be organized into groups, informal associations and sometimes cooperatives or producer companies. The formation of such groups and making them function effectively requires institutional development services. Hence BASIX adopted the Livelihood Triad Strategy for this purpose. (www.basixindia.com)

4.15. Sustainable Approaches to Livelihood

A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living; a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets and provide sustainable opportunities for the next generation and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term (**Chambers and Conway 1992**)

4.15.1. Sustainable Livelihood Approach (SLA) has seven guiding principles

- **People centred:**
SLA starts by looking at a person's livelihood assets, how they change over time and the specific vulnerabilities they have.
- **Holistic:** SLA understands that people adopt many strategies to secure their livelihoods and draw on a range of 'assets' to do so. These are influenced by an array of external factors, including government policies and institutions, the private sector and local organizations
- **Dynamic:** SLA seeks to understand the dynamic nature of livelihoods and what influences them
- **Build on strengths:** SLA builds on people's perceived strength and opportunities rather than focusing on their problems and needs

- **Promote micro macro links:** SLA looks at the influence of policies and institutions on livelihood options and highlights the need for policies to be informed by insights from the local level and by the priorities of the poor
- **Encourage partnership:** SLA counts on partnerships drawing on both the public and private sectors
- **Aim for sustainability:** Sustainability is important if poverty reduction is to be long lasting (IFAD “Enabling poor rural people to overcome poverty” www.ifad.org)

Sustainable Livelihood Approach is an example of the ‘multiple capital’ approach where sustainability is considered in terms of available capital (natural, social, physical capital, human and financial) and an examination of the vulnerability context (trends, shocks and stresses) in which these assets exist. The five capitals of sustainable livelihood are given below:

4.15.2. Capital Types

Some of the capitals are straightforward i.e buildings, machinery, land, cash and so on – while some are less immediately obvious – social networks, knowledge and good health are examples. All are important although clearly the balance will change from household to household and over time.

Once these assets have been identified and assessed in terms of the contribution they make, it is necessary to explore the vulnerability contexting which they exist; what are the trends, shocks and stresses? Vulnerability to shocks can also vary. A drought for example will impact upon natural capital and in turn reduce crop yields but may have little effect on other capitals. In the longer term, of course a severe drought could impact on wide range of capitals including social and human as people emigrate. Similarly flooding may damage physical and natural capital while having little impact on the others. Thus the capitals will vary in terms of their resilience to different types of shock and the intensity of that shock.

Moreover it is necessary to examine the policy and institutional context within which these capitals exist. While some capitals may be vulnerable to certain shocks it may be that authorities are able to act and limit any damage which occurs or perhaps provide recompense. While assets may be damaged by floods there may be publicly owned structures in place to reduce the likelihood of the disaster occurring. Similarly there may be publicly funded extension services available which can supplement the knowledge base of farmers or provide advice and help with irrigation systems. It is not only government services which need to be considered here as they may be non-governmental or even private agencies at hand that can provide support for livelihoods. Only when all of this is considered can it be possible to develop strategies that help enhance livelihood and generate positive livelihood outcomes.

4.15.3. Thus SLA can be considered in a number of different ways (Farrington,2001)

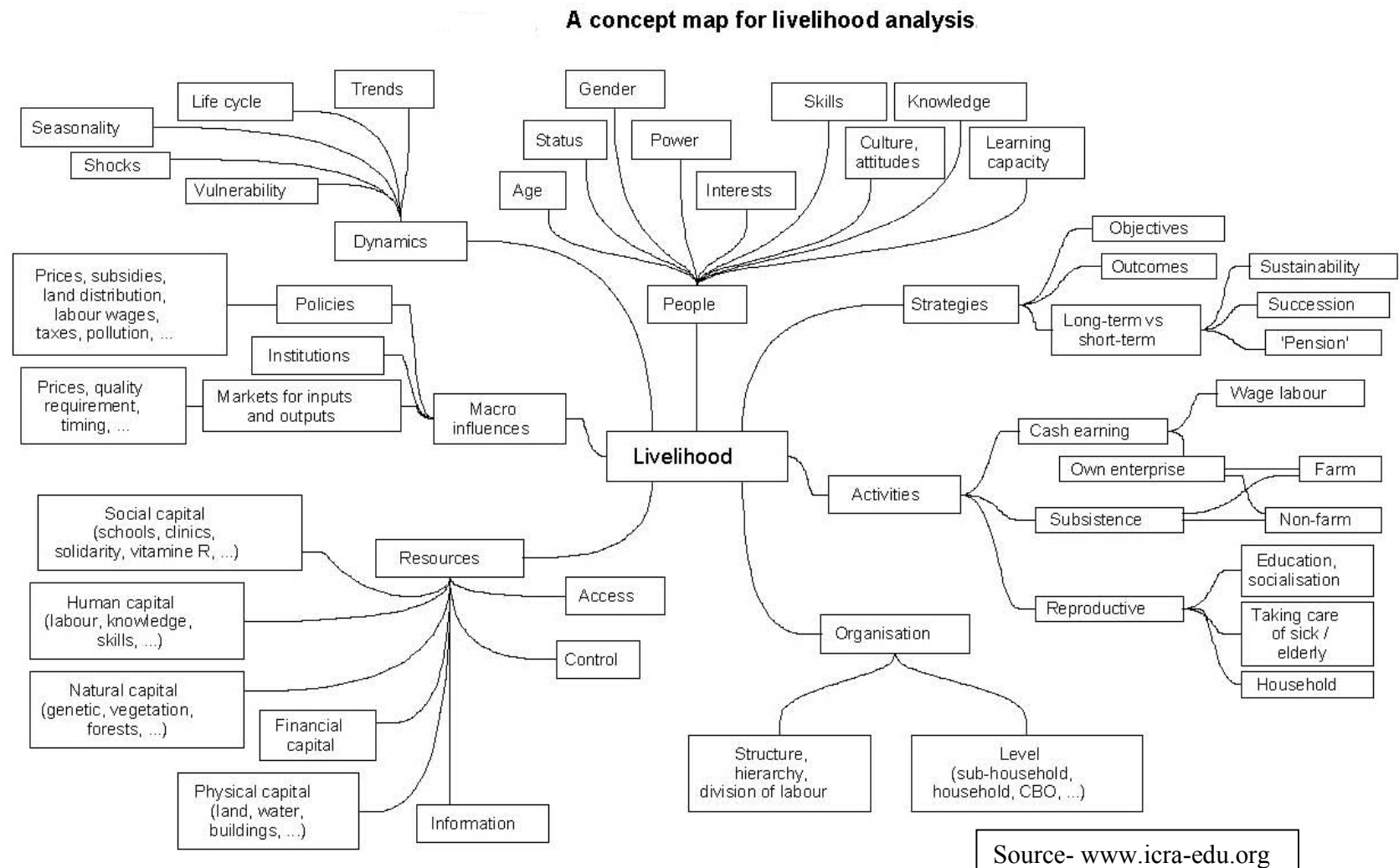
- A set of principles guide development interventions whether community led or otherwise. The fundamental issue here is the notion that an intervention has to be evidence-based rather than instigated in top-down fashion without adequate knowledge of the community
- An analytical framework helps to understand that 'is' and what can be done. Thus the logic as set out here is to appreciate the capitals which are present, their vulnerability and the involvement of institutions. The logic provides a framework which can serve as the basis for an analysis.
- It provides an overall developmental objective. In this case development is the improvement of livelihood sustainability, perhaps by making capital less vulnerable or by enhancing the contributions that some capitals can make or even by improving the institutional context

It is these three – a set of principles , an analytical framework and an objective – which help to explain the popularity of SLA.

Livelihoods are affected by factors at both micro and macro levels. At micro level, rural people develop and implement livelihood strategies. They combine different resources and organize themselves to implement various activities to achieve short and long term objectives. The combination of activities forms a logical coherent whole – a livelihood strategy. However these actors do not operate in a vacuum but in a dynamic macro-context that determines the options open to these actors.

The macro context is shaped not only by biophysical and agro ecological factors but also by policy markets, institutions, culture, society and demography. These factors influence who has access to which resources, who has control over those resources, how the various actors are able to organize themselves and the nature of the incentives (e.g. market prices, subsidies, tax advantages) to particular activities. Analysis of livelihoods need to consider factors at both micro and macro levels and the interaction between these. Macro factors should be taken into account which will lead to the improvements of policy, the regulatory/legal framework, social organization, institutional and marketing processes etc. as well as technical improvements to crop and livestock production. A concept map for livelihood analysis is given below:

The logic outlined above is the basis for SLA and it is typically represented as set out in the following figure 4.3



The Livelihoods approach put people at the centre of development. People rather than the resources they use or the governments that serve them – are the priority concern. Adhering to this principle may well translate into providing support to resource management or good governance.

4.16. Access to and control of resources:

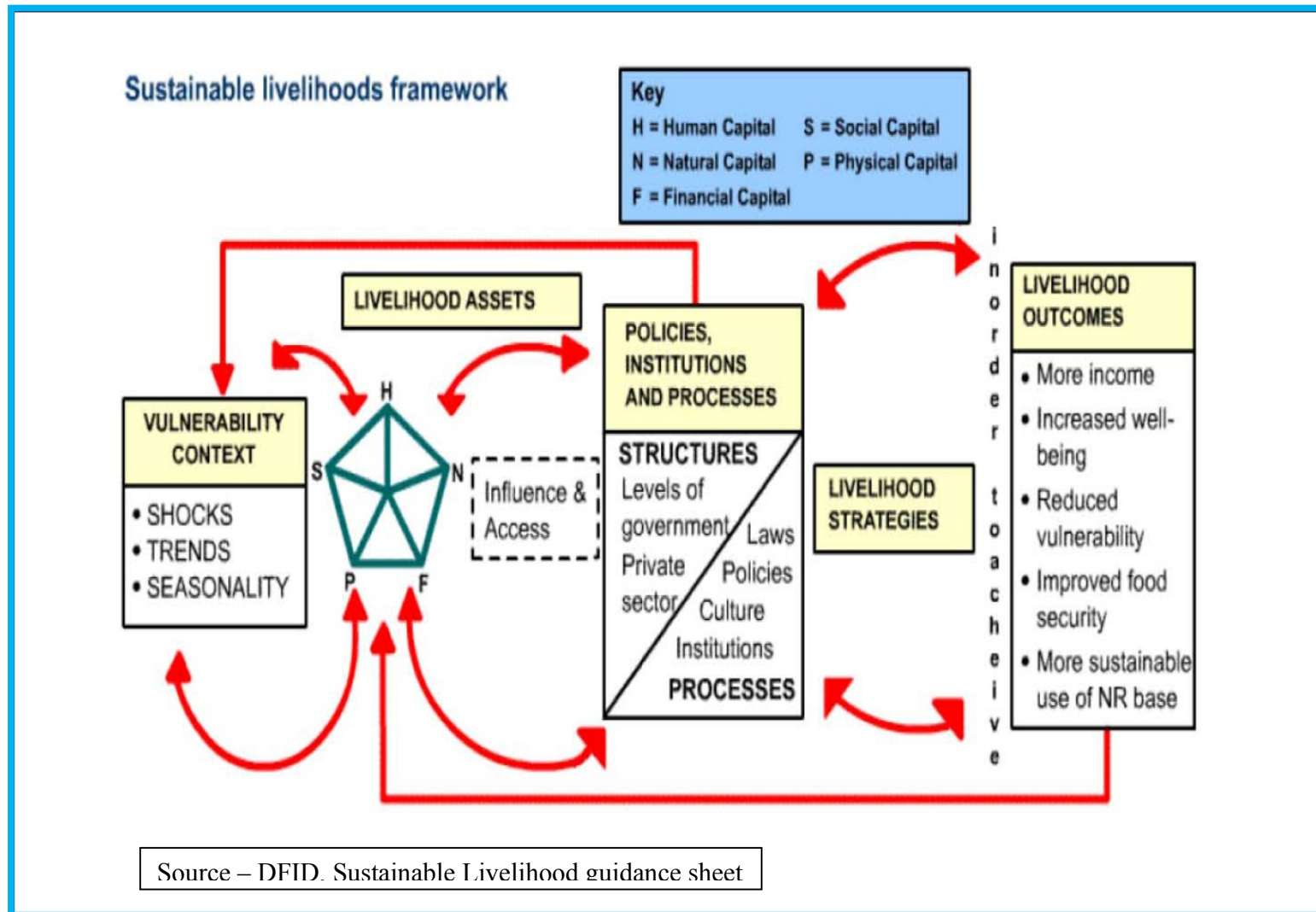
With all resources it is important to understand who has access (i.e who can use the resource) and who can control (i.e. who determines how the resource is managed). Access and control over different resources is often determined by gender or social justice.

4.17. Sustainable Livelihoods Framework

In order to better understand how people develop and maintain livelihoods, the UK Department for International Development (DFID), building on the work of practitioners and academics, developed the Sustainable Livelihoods Framework (SLF). This framework is an analysis tool, useful for understanding the many factors that affect a person's livelihood and how those factors interact with each other. The SLF views livelihoods as systems and provides a way to understand the following:

1. The assets people draw upon
2. The strategies they develop to make a living
3. The context within which a livelihood is developed
4. And those factors that make a livelihood more or less vulnerable to shocks and stresses

Fig 4.4. Sustainable Livelihood Framework



4.18. Livelihood assets:

Assets may be tangible, such as food stores and cash savings, as well as trees, land, livestock, tools, and other resources. Assets may also be intangible such as claims one can make for food, work, and assistance as well as access to materials, information, education, health services and employment opportunities. Another way of understanding the assets, or capitals, that people draw upon to make a living is to categorize them into the five groups: human, social, natural, physical, financial, and political capitals

Chart 4B - Livelihood Contexts

Human Capital	Skill. Knowledge, health and ability to work
Social capital	Social resources, including informal networks, membership of formalized groups and relationships of trust that facilitate co-operation and economic opportunities , social claims, social relations, affiliations, associations
Natural Capital	Natural resources such as land, soil, water, forests and fisheries
Physical capital	Basic infrastructure, such as roads, water & sanitation, schools, ICT; and producer goods, including tools, livestock and equipment
Financial Capital	Financial resources including savings, credit, and income from employment, trade and remittances

Source: Eldis – Livelihoods Connect, Retrieved from

<http://www.eldis.org/go/topics/dossiers/livelihoods-connect/what-are-livelihoods-approaches/livelihoods-assets>

Livelihoods are also shaped by the changing natural environment, the quality of soil, air and water; the climatic and geographic conditions; the availability of fauna and flora; and the frequency and intensity of natural hazards all influence livelihood decisions.

4.19. Livelihood strategies:

How people access and use these assets, within the aforementioned social, economic, political and environmental contexts, form a livelihood strategy. The range and diversity of livelihood strategies are enormous. An individual may take on several activities to meet his/her needs. One or many individuals may engage in activities that contribute to a collective livelihood strategy. Within households, individuals often take on different responsibilities to enable the sustenance and growth of the family. In some cultures, this grouping may expand to a small community, in which individuals work together to meet the needs of the entire group.

4.20. Livelihood Vulnerability:

The strength of a given livelihood is not only measured by its productive outcomes, but equally by its resilience to shocks, seasonal changes and trends. Shocks might include natural disasters, wars, and economic downturns. Availability of resources, income-generating opportunities, and demand for certain products and services may fluctuate seasonally. More gradual and often predictable, trends in politics and governance, technology use, economics, and availability of natural resources, can pose serious obstacles to the future of many livelihoods. These changes impact the availability of assets and the opportunities to transform those assets into a “living”. Under such conditions, people must adapt existing strategies or develop new strategies in order to survive.

4.21. Livelihood Interdependence

One final important characteristic of livelihoods is their interdependence. Very few livelihoods exist in isolation. A given livelihood may rely on other livelihoods to access and exchange assets. Traders rely on farmers to produce goods, processors to prepare them, and consumers to buy them. Livelihoods also compete with each other for access to assets and markets. Thus positive and negative impacts on any given livelihood will, in turn, impact others. This is a particularly important consideration when planning livelihood assistance.

4.22. Intervening in markets

Livelihood sustainability depends increasingly on local and global markets. Fewer and fewer households rely on one source of income and the informal economy absorbs over half of the world's labor force (Chen et al., 2004). Thus, governments, donors, development practitioners and advocacy groups are paying more attention to market interventions as a means of strengthening the livelihoods of urban and rural poor. There are many benefits to addressing markets for livelihood promotion. By understanding market forces and trends, livelihoods programs can more effectively tailor their assistance to the complex needs of different market actors. Additionally interventions at the market level shape the economic environment in which many livelihoods operate. When accurately assessed and carefully designed, market-based interventions can generate greater opportunities for a larger group of people. Furthermore, engaging people throughout the process also builds important business skills and market knowledge thus preparing people to adapt to future market changes. In general market-based interventions may serve one or several of the following objectives:

- Identify economic viability of new or existing livelihoods
- Supply and value chain analyses can be integrated with vocational training programs, microfinance services, and business development grants to assess the supply and demand linkages necessary for sustained business growth.
- Business development training can assist small and medium enterprises to streamline their business practices, increase profitability, and access financial resources commonly limited to larger formal sector enterprises.

4.23. Livelihood Promotion

Livelihood promotion is an array of interventions designed to assist people to convert available assets into a sustainable and resilient means of earning a living. It attempts to take advantage of the “window of opportunity”, created after a disaster to strengthen livelihood strategies and increase sustainable income-generating opportunities in hopes of enhancing people's resilience to future disasters.

Livelihood promotion interventions may be direct, indirect, or typically, some combination of both. Direct interventions focus on improving livelihood strategies. Examples might include the provision of technical training and business development counseling, or introducing new sustainable technologies to improve production. Indirect interventions aim to influence the social, economic, and political environment so as to increase and improve livelihood opportunities. Indirect interventions might include linking people with new markets or advocating for policy changes that constrain earning potential.

4.24. Recent steps taken by the government of India towards livelihood promotion

The programmes of Ministry of Rural Development's (MoRD), Government of India that directly target poor families for creation of assets and self employment started with Integrated Rural Development Programme (IRDP) in the year 1980. A major reform took place in 1999, when IRDP was transformed into Swarnjayanti Gram Swarozgar Yojana (SGSY). Self-employment through organizing poor into Self Help Groups (SHGs) became the cornerstone of the new strategy. In the states, there is now widespread acceptance of the need for poor to be organized into SHGs, as a pre-requisite for their poverty reduction. About 2.5 crore rural BPL households have been organized and brought into SHG network.

A systematic review of SGSY has brought into focus certain shortcomings which are given below:

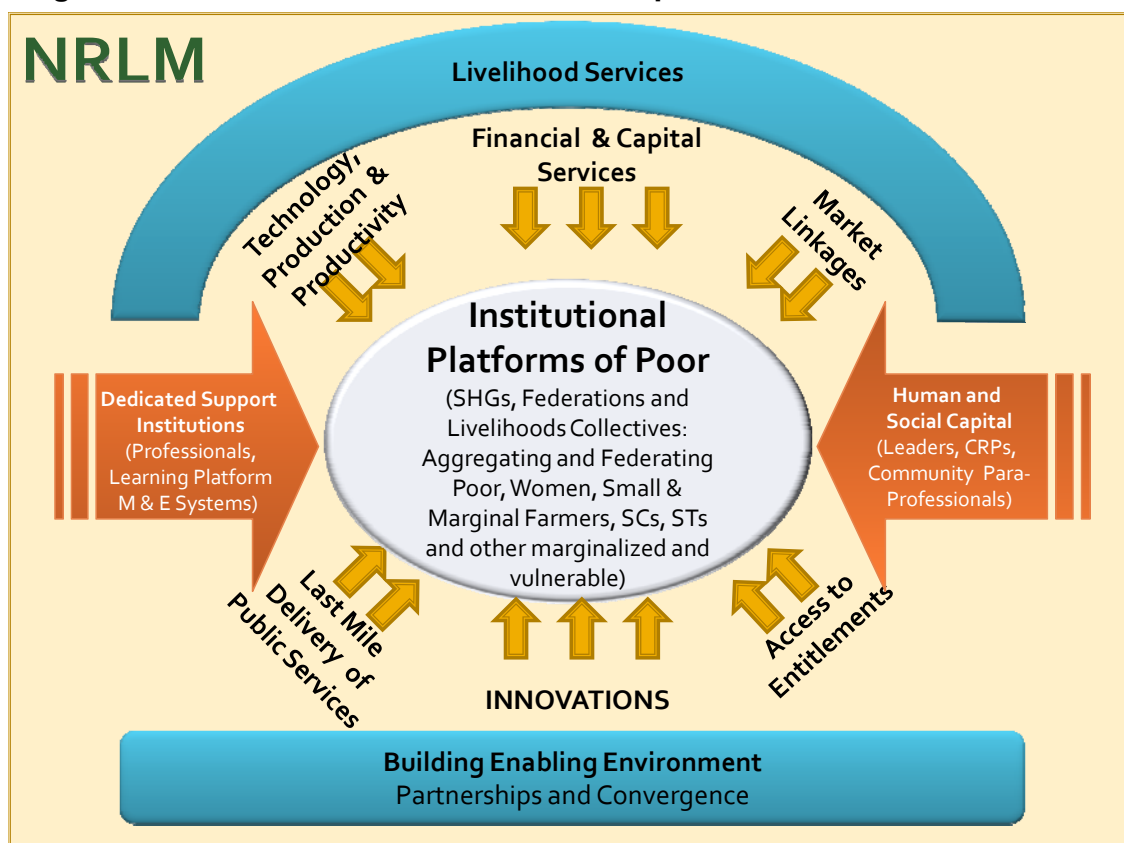
- vast regional variations in mobilization of rural poor;
- insufficient capacity building of beneficiaries;
- insufficient investments for building community institutions;
- and weak linkages with banks leading to low credit mobilization and low repeat financing.
- Several states have not been able to fully utilize the funds received under SGSY.

- Absence of aggregate institutions of the poor, such as the SHG federations, precluded the poor from accessing higher order support services for productivity enhancement, marketing linkage, risk management, etc.

Several evaluation studies have shown that SGSY scheme has been relatively successful in alleviating rural poverty wherever systematic mobilization of the poor into SHGs and their capacity building and skill development have taken up in a process-intensive manner. In other places, the impact has not been that significant.

The magnitude of the unfinished task is enormous. Out of the estimated 7.0 crore rural BPL households (2010 projections of BPL households), 4.5 Crore households still need to be organized into SHGs. Even the existing SHGs need further strengthening and greater financial support. It was in this background, Government has approved the restructuring of the SGSY as the National Rural Livelihoods Mission (NRLM), to be implemented in a mission mode across the country.

Fig 4.5. Role of NRLM towards Livelihood promotion



(Source :NRLM report 2012)

The core belief of National Rural Livelihoods Mission (NRLM) is that the poor have a strong desire and innate capabilities to come out of poverty. The challenge is to unleash their innate capabilities to generate meaningful livelihoods, which enable them to come out of poverty. The first step in this process is motivating them to form their own institutions. Their true potential is realized when they are provided sufficient capacities to manage the external environment and easy access to finance, and are enabled to expand their skills and assets and convert them into meaningful livelihoods.

4.25. Mission, Principles, Values

4.25.1. NRLM Mission

“To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor.”

4.25.1.NRLM Guiding Principles

- Poor have a strong desire to come out of poverty, and they have innate capabilities to do so.
- Social mobilization and building strong institutions of the poor is critical for unleashing the innate capabilities of the poor.
- An external dedicated and sensitive support structure is required to induce the social mobilization, institution building and empowerment process.
- Facilitating knowledge dissemination, skill building, access to credit, access to marketing, and access to other livelihoods services underpins this upward mobility.

4.25.2. NRLM Values

The core values which will guide all the activities under NRLM are as follows:

- Inclusion of the poorest, and meaningful role to the poorest in all the processes

- Transparency and accountability of all processes and institutions
- Ownership and key role of the poor and their institutions in all stages – planning, implementation, and monitoring
- Community self-reliance and self-dependence

4.25.3. Approach

Towards building, supporting and sustaining livelihoods of the poor, NRLM harnesses the innate capabilities of the poor, complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to deal with the rapidly changing external world. Being conscious of the livelihoods activities being varied, NRLM works on three pillars – enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs (for micro-enterprises).

4.26. Emerging Challenge in Livelihood Promotion among the SHGs

There is a strong positive correlation between livelihood and education and thus has conceived a unique project called Institute for Livelihoods Education and Development (LEAD), which aims to address dropout youth of 18 to 25 years from the marginalized section of the society. Government of Rajasthan created a special institution in mission mode address the issue of livelihood promotion in the state. Vocational training is the flagship programme of the mission. Rajasthan government is coordinating with 330 partner institutions in imparting vocational skills to the un-employed youth in the age group of 16-35. RMol has meticulously developed curriculum for 171 skills set.

The foundation for Ecological Security (FES) has shown that development and management of common property land can lead to not only restoration of degraded forest but also livelihood alternative for the vulnerable poor.

There is also a need to build capacity of the existing livelihood intervention agencies so as to expand and deepen their services. Convergence with a range of stakeholders is also important..

- To design livelihood promotion strategies
- To implement strategies through pilots
- To facilitate convergence and coordination
- To facilitate policy reforms and advocacy
- To create knowledge networking and dissemination

India has one of the larger labour forces in the world but the least number of skilled workers constituting only 5 per cent , as compared to that of 95 per cent in south Korea. As per National Sample Survey organization (NSSO) 61st Round Survey Report, every year 12.8 million persons are added to the labour force. However, current capacity of skilled Development Programme is about 3.1 million including all agencies involved in vocational training activities. Also , as per the last national Sample Survey Organization only 2 per cent of the Indian labour force has received vocational training through formal sources and 8 per cent through informal sources whereas the percentage in industrialized countries is much higher varying between 60 to 96 per cent. There is an urgent need for promoting 'Skill Development'.

For sustainable livelihood process, need was felt to imbibe the inputs on 'Financial Literacy' (various financial services, financial products, investment and risk mitigation) among the vulnerable groups, particularly the women.

For enhancing the existing services delivery mechanisms in the area of livelihood promotion, conscious efforts should be taken by the government to build the capacities of NGOs.

4.27. Strategies of NRLM

In order to achieve the above objectives the Mission will adopt the following inter-related strategies

4.27.1. Social inclusion and institutions of the poor

To begin with, NRLM would ensure that at least one member from each identified rural poor household, preferably a woman is brought under the SHG network in a time bound manner. Subsequently both women and men would be organized for addressing livelihood issues i.e farmers organizations, milk producers' cooperatives, weavers associations etc. All these institutions are inclusive and no poor would be left out of them. NRLM would ensure adequate coverage of vulnerable sections of the society such that 50 per cent of the beneficiaries are SC/STs; 15 per cent are minorities and 3 per cent are persons with disability while keeping in view the ultimate target of 100 percent coverage of BPL families.

4.27.2. Promotion of the institutions of the poor

Strong institutions of the poor such as SHGs and their village level and higher level federations are necessary to provide space, voice and resources for the poor and for reducing their dependence on external agencies. They also empower them and act as instruments of knowledge and technology dissemination and hubs of production, collectivization and commerce. In addition, NRLM would promote specialized institutions like Livelihood collectives, producers cooperatives / companies for livelihood promotion through deriving economies of scale, backward and forward linkages and access to information, credit, technology, markets etc. The livelihood collectives would enable the poor to optimize their limited resources.

4.27.3. Revolving fund and capital subsidy

As a corpus to SHG, Revolving Fund (RF) will be given with a minimum of Rs.10,000 to a maximum of Rs.15,000 per SHG. This is given to all SHGs that have not received RF earlier. SHGs with more than 70 per cent BPL members are eligible for RF.

Capital subsidy ceiling is applicable both for members of SHGs and individual beneficiaries @ Rs.15000 per general category and Rs.20,000 per SC/ST and differently abled category. The maximum amount of subsidy that an SHG is eligible for is Rs.2.50 lakh. Only BPL members are eligible for individual subsidy and only

those SHGs with more than 70 per cent BPL members are eligible for subsidy. Capital subsidy fund would be given directly to the SHGs or would be routed through the federations wherever the SHGs desire such an arrangement.

4.27.4. Universal Financial Inclusion

NRLM would work towards universal financial inclusion beyond basic banking services to all the poor households, SHGs and their federations. NRLM would work on both demand and supply side of financial inclusion. On the demand side, it would promote financial literacy among the poor and provide catalytic capital to the SHGs and their federations. On the supply side, it would coordinate with the financial sector and encourage use of information, communication and technology (ICT) based financial technologies, business correspondents and community facilitators. It would also work towards universal coverage of rural poor against loss of life, health and assets. Further it would work on remittances especially in areas where migration is endemic.

4.27.5. Infrastructure creation and marketing support

NRLM would also provide marketing support to the institutions of the poor. The range of activities in marketing support includes market research, market intelligence, technology extension, developing backward and forward linkages and support for business plans. NRLM would encourage and support partnership with public and private organizations and their network/associations for these activities particularly for market linkages; 20 per cent of the state's programme outlay (25 per cent in the case on North Eastern States and Sikkim) is reserved for this purpose.

4.27.6. Capacity Building:

Provision of sustained capacity building and training of the SHG and other Federation through using multi pronged approach involving the following:

- Optimum use of the existing infrastructure facilities available at the district as well as the block levels such as polytechnics, KVKs, Jan Shikshans (JSSs),

KVIB, SIRD, Extension Training Centres and other departmental facilities available in the area

- Setting up of dedicated training institutes to rural poor i.e 500 Rural Self Employment Training Institutes (RSETIs) in each district of the country through replication of successful RUDSETI model NRLM encourages public sector banks to set up RSETIs and banks are completely involved in selection, training and post training follow-up stages
- Dedicated structure for training and capacity building at the district and state level involving professionals as envisaged under the NRLM
- Public Private partnership with NGOs, VOs etc
- Training large number of trainers who would further train people down below. This would lead to cascading effect and benefit the rural poor right at the lowest level
- Creating a cadre of service providers, Community Service Persons (CSPs) and Master Craftsmen and utilizing their services for training of SHG beneficiaries
- Provision of pro poor financial services including provision of interest subsidy for ensuring that NRLM beneficiaries can get loans from commercial banks at the rate of interest at which farmers are getting agricultural loans at 6 per cent rate of interest
- Marketing and infrastructural support
- Promotion of convergence with programmes of different Ministries in order to achieve synergy and maximizing livelihood opportunities for rural BPL by dovetailing of funds for focused application. To mitigate the risk factors in the case of life, assets, health etc., the required convergence will be put in place with respective programmes such as Aam Admi Bima Yojana, Rashtriya Swasthya Bima Yojana etc.
- Sensitive support organizational structure will be created at the district and sub district levels which will catalyze social mobilization, institution building, capacity building and skill development and placement access to pro poor financial services, infrastructure and manufacturing support for promotion of micro enterprises, risk mitigation activities

- Support for up-scaling, skill development, placement and innovative project to diversify and provide elastic sources of income to rural youth using the services of national and state level institutions and NGOs and Corporations
- Institutions of demand driven approach for allocation of funds among various components of the programme on the basis of specific and time bound state action plans
- Transparent systems such as social auditing and concurrent evaluation as well as comprehensive MIS have to be instituted.
- NRLM would pursue skill upgradation and placement projects through partnership mode as it is one of the best investments in youth. For strengthening this, a strong relationship would be developed with industry associations and sector specific employers associations. National Skill Development Corporation (NSDC) would be one of the leading partners in this effort and 15 per cent of the central allocation under NRLM is earmarked for this purpose.

Thus NRLM will have multi pronged approach to strengthen the livelihoods of the poor .by promoting SHGs, improving the existing occupations, providing skill development and placement and other activities thereof.. The periodic interaction of the Mission with Public Sector banks and other financial institutions will enhance the reach of the rural poor.

4.28. Role of Panchayat Raj Institutions (PRIs) in NRLM:

PRIs will be actively involved in the following activities of NRLM:

- 1) Identification and mobilization of BPL households into SHGs with priority given to SC/ST households especially tribal groups, women headed households
- 2) Facilitating federations of SHGs at the village / gram panchayat level / block level and providing accommodation for federation office
- 3) Giving priority to demands of SHGs and their federation in the annual plan of PRIs by making suitable financial allocation

- 4) Entrusting execution of panchayat activities including civil works to SHGs and their federation on priority basis
- 5) Leasing out panchayat resources such as fishing ponds / tanks, common property resources, market yards, building and other properties to SHGs and their federation for proper management and maintenance
- 6) Entrusting responsibilities for collection of panchayat revenue including house tax property tax to SHGs for small fee.
- 7) And any other activity which could be taken up by the members of SHGs or their federation.

4.29. Critical Analysis: Universalization of SHGs, creation of dedicated mission structure, creation of RSETI and adopting a livelihood based approach are some of the key strategies identified by NRLM to attain the goals.

All the poor rural households are to be mobilized into self managed and self governed SHGs and SHG federations . It is a good step but where the SGSY went wrong was in the approach it adopted for group formation. Instead of following a process oriented method, SGSY chose a highly target based method. The large scale attrition and poor capacity of SHGs are clearly attributable to such an approach of SGSY. The relegation of NGO in the SHG formation has been a factor contributing to the poor quality of groups. The target of creating 28 lakh SHGs by 2016-2017 may lead to even poaching of existing SHGs under other schemes. The incentive of 6 per cent rate of interest would also see many members from other SHGs migrating to NRLM.

Another dimension of universalisation is the formation of federation of SHGs at the village, block and district levels. While SGSY focused on SHGs, NRLM seem to have turned its attention on their federation. Experience shows that there are already several NGOs supported SHG federations which are faced with problems. Federations actually have to evolve from below for their long run sustainability, rather than being imposed from above. Hence a careful approach needs to be

followed lest the federation which are going to be the key link may falter in the process.

Creation of RSETIS: It is given that public sector banks will be encouraged to set up Rural Self Employment Training Institutes in about 500 districts of the country, one in each district. Given the general reluctance of commercial bank to IRDP / SGSY kind of lending, the commitment for creating such institutes would be highly doubtful. Involving some credible NGOs would be much better idea. The NRLM can also keep this as an option rather than relying solely on public sector banks. This would also help in effective utilization of training funds made available under NRLM livelihood approach. Apart from the constraints of credit and training, a key constraint for self employment programmes will be the marketing front. The challenging of marketing the products and services on a sustainable basis is quite insurmountable more so in the globalized and liberalized environment . The poor have to compete with imported goods and that of the large companies The solution for this lies in either creating an institutional structure like dairy cooperatives for each major product which can ensure year round marketing of providing protection / reservation to micro enterprises to produce exclusively certain products.

The NRLM without significant plan for marketing would face inevitable outcome similar to IRDP/SGSY. In that case NRLM would end up as a mere micro credit programme channelising credit for consumption and other social needs.

The recognition by NRLM to incorporate wage employment through training and placement of the rural youth though is an admission of the inherent limitation of self employment strategy, is in the right direction under the emerging economic scenario.

4.30. Synoptic view of the concept of Microfinance and Livelihood –gender approach:

The three-strand paradigm with different institutional actors and principles emergent from the commercialization drift sees women's empowerment from different conceptual perspectives. To the minimalists, their economic principles is

simple – give cash to as many women as possible and the rest shall follow. Among the poverty reduction advocates it is seen that responding to practical gender needs can bring in abeyance strategic gender needs. And finally the feminist paradigm advocates for a management service that can challenge social change of actors and structures in which gender inequality inheres.

Chart 4C Microfinance paradigms

	Financial Self sufficiency model	Poverty Alleviation model	Feminist Empowerment paradigm
Trust	Dominated by CGAP with women targeting based on their positive experience in the sector such as high repayment rate	Integrated poverty alleviation approach targeting community development program with women targeting based on the feminization of poverty	Pillared on inter national women's management and gender practices with women targeting based on gender equity and human rights
Policy	Establishment of financially self sufficient micro finance programmes that increases access to a large number of people	Microfinance is integrated as a component to alleviate poverty and vulnerability for increased well being	Microfinance is an entry point for women's social, economic and political empowerment
Empowerment	Programme financed self sufficiency	Establishment of local level participatory institutions for long	Develop self sustaining participatory women's organizations linked to

		term community self reliance and self determination	a wide women's movement for the transformation of gender relation
Assumptions	Increased access to microfinance leads to increased income, control income and resources and yielding better well being and ability to transform social and political changes by women	Increased access to microfinance improves status and confidence of women that inturn leads to a better household relations	Empowerment is multidimensionally rooted in socialization institutions and encompasses a wider aspect of women's lives .Economic well being, social and political microfinance is a stepping stone to nurture a positive power change for women

Source:Mayoux (2002:246-251)

Seen in this context, the popularization microfinance is a market led efficiency approach. It provides an integrationist platform from where women enter into the market and become part of the 'so called' productive efficiency . However whether or not this strategy with its equity approach facilitates women to gain gender equality within a market relevance arena, remain contested as the feminist question the minimalist arguments.

In the present study empowerment means the process and outcome of women's struggle in changing their livelihood endowment (well being) and entitlement status individually and collectively against hitherto gendered livelihood practices that disadvantaged them. The above operationalization while cognizant of the context specificity of empowerment reveals that for empowerment to occur following factors are essential

- A resource basis (endowment and entitlement) where power inheres should be redistributed equally among women contrary to the initially prevailing norms.
- The agency power of the disempowered women is cardinal indirectly claiming her rather than being given empowerment. The power should be directed at changing her points of disempowerment
- It can be attainment at individual, collective or both levels using own or group efforts. This takes into account the different facets of positive power – power within, power with and power to recreate gender relations.

4.31. Sustainable Livelihood Framework – An Analytical Tool for women empowerment:

The above operationalization of empowerment requires an analysis using a gender lens to ascertain how resources base and agency power requisites for empowerment interact to recreate new gender relations. Therefore a better analytical tool for doing so is the Sustainable Livelihood approach. Sustainable Livelihood Approach provides a framework through which gender relations can recursively be studied from people's own livelihood practices. It is an approach that builds on people centredness taking into account what they have and do as agents for rather than victims of their own change. This is because as Long (2003) stress "Livelihood best expresses individual and group struggle to make a living attempting to meet the various consumption economic necessities coping with uncertainties and responding to new opportunities and choosing between different value positions". A given livelihood practice has micro, meso and macro interactions. Thus multidimensionality aspect of livelihood, that de Haan & Zoomers (2005) refer to as 'pandora's box' provides a basis for evaluating how external factors as microfinance intervention enables or constraints change within a given livelihood practice. This approach calls for a methodology that gives voice to women whose life world is reshaped by their gendered livelihood practices. In the light of the above discussion livelihood approach is explained as given below:

4.32. Gender needs and Livelihood Approach:

Livelihood comprises the capabilities, assets (resource claims and access) and activities required for a means of living. A livelihood is sustainable when it can cope and recover from stress and shocks, maintain or enhance its capabilities and assets and provide sustainable livelihood opportunities for the next generation and when it contributes net benefits to other livelihoods at the local and global levels and in the short and long term (Chambers & Conway 1992)

While the above definition refers to livelihood as the way people make a living and derive meaning out of it, major refinements have been added to it by Blaikie et al (1990) who stress 'actors' command over resources. Ellis (2000) calls for qualification of the 'role of organizations, institutions and social relation in resource use'. Therefore Livelihood means actors behaviour with respect to holding using and transforming assets into productive activities for a valued-life-livelihood outcomes. Thus while assets are the factors of production representing the capacity of the holder to engage in activities and derive meaning from it activities are the 'ex ante' production flows of assets and capabilities are outcomes that is the 'expost' flows of assets and activities (Sherraden, 1991)

From the above discussion three things feature prominently – livelihood assets, livelihood strategies and livelihood outcome.

4.33. Livelihood assets –gender needs: Importantly assets are the basis for production, consumption and investment. They represent the stock of wealth of an actor's asset portfolio and reflect their capacity for maximizing well being – present and future (Corbett 1988) and the response to shocks and stresses. Notwithstanding, assets and access to them are gendered. Often women's asset portfolio is limited compared to that of the husbands

4.34. Livelihood outcome – gender inequality:

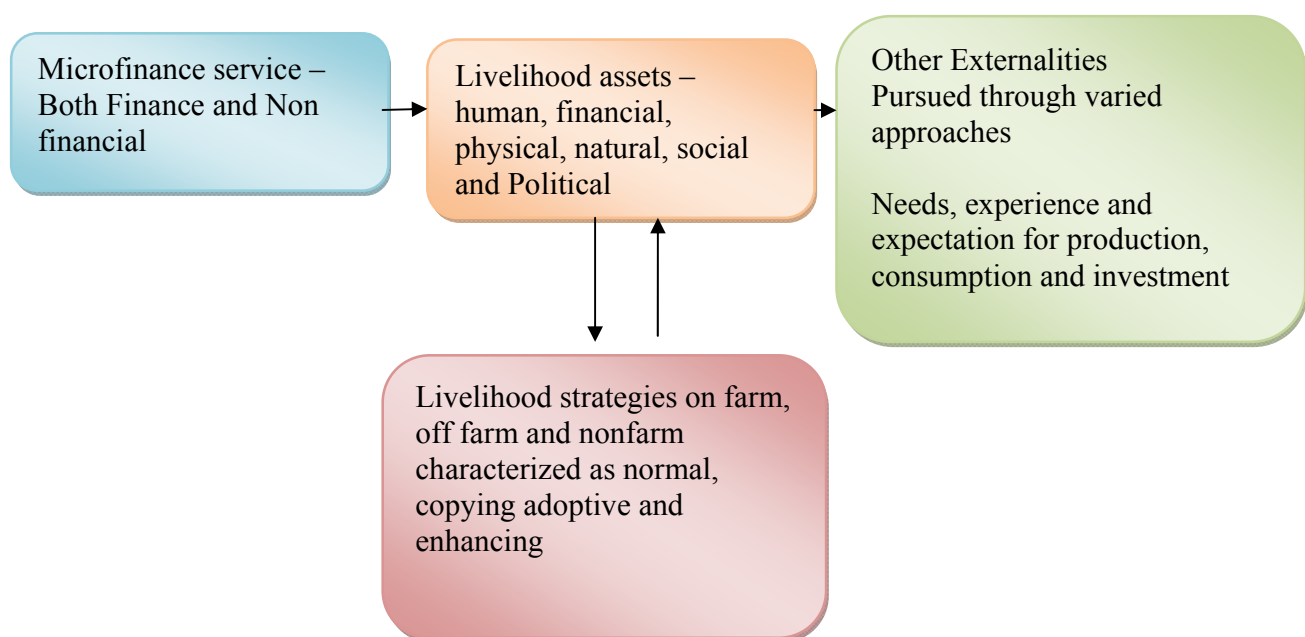
The livelihood strategies which the actors adopt or adapt result in livelihood outcomes. Such outcomes result in changes in well being and structural processes. These changes in turn affect intra household relationship and the relationship between households and institutions/ organizations so as to claim, depend and transform assets (Bebbinngton 1999)

From a gender perspective, the changes reveal gender gaps between and among men and women. Given that women are already gender constrained by asset portfolio, access qualification and strategy options they largely exhibit a weaker outcome status relative to men. Such a situation reflects the gender inequality captured feminization of poverty

4.35. Gendered microfinance and Sustainable Livelihood Framework

The figure shows peoples gendered livelihood practices are in a constant interaction with external factors.

Fig 4.6 Livelihood strategies – external factors



The figure 4.6 shows how people 's livelihood practices are in constant interaction with external factors. Given such a background the empowerment analytical framework seeks to assess how microfinance as an external intervention facilitates changes. The framework recognizes the fact that such links do not involve microfinance alone. Instead it operates within a broader environment involving other external factors. For instance when a client takes a micro credit she /he invests it in a petty trade that earns her income (financial asset) which fungibly is invested in health and education (human asset) or purchase of household wares (physical asset) etc. The cumulative effect of such asset accumulation and transformation may (or not) increase the holders portfolio in areas of empowerment when a woman borrows loans they invest the cumulative assets into a livelihood activity. That enable her meet her loan obligation and reap some benefits.

The various components of livelihood are closely interrelated

- What are peoples livelihood and their priorities
- What activities do they pursue and in what ways they contribute to livelihood
- What assets do they have
- What are the underlying priorities and preferences that influence household livelihood strategies
- How do external forces shape peoples options?

The key components of SL framework and issues to be explored are given below:

Chart 4D key components of SL framework

key components of SL framework	issues to explore
Assets and capital endowment	Does the enterprise affect access to asset or change their quality or productivity If the natural resources are used, are they used sustainably Does it change access to social networks of households Are cash earnings invested in human capital or in other reserves Are the assets used up in enterprise activity?
Multiple livelihood activities	Conflict and complementarities with other activities Direct contribution to improved livelihoods outcome e.g cash, food security, empowerment, health, education, sustainability
Peoples strategies and priorities	What kind of strategy is followed – group or individual strategy, self reliant or dependent strategy , gender aspects
Context	Does the enterprise change peoples ability to cope width shocks Is the activity financially sustainable? How far the people dependent on outsiders?
Links between household and institutions	Does the enterprise affect how households invest their income How do the external institutions influence household opportunity

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CHAPTER 5

Management Of Micro Enterprises In The Study Area

The main goal of Microfinance is to turn the SHG members into entrepreneurs in order to promote livelihood security. Entrepreneurship among SHG women is a recent phenomenon. A favourable socio economic environment and the efforts taken by the Self Help Promoting Institutions could help in exploiting the entrepreneurial talent among SHG members.

Part A

Synoptic view of the Self Help Promoting Institutions in the study area

The Self Help Promoting Institutions act as catalysts and social engineers in the process of micro enterprise promotion. They have a pivotal role to play in forming, capacitating, nurturing and sustaining the SHGs.

In the study area, one could observe dichotomous growth of SHGs. On the one hand, the TamilNadu Corporation for Women's Development (TNCWD) under the scheme called 'Mahalir Thittam' promotes SHGs with the assistance of selected NGOs. On the other hand the NGOs outside the ring fence of TNCWD also establish Self Help Groups. The groups approved by TNCWD is identified as MaThi groups and the groups promoted by NGOs outside the coverage of TNCWD are called as non MaThi groups.. There are certain differences in the operational and functional aspects between the MaThi and Non MaThi groups though structural aspects are almost the same. The strategies followed by the SHPIs as well as the operating system towards promotion and sustainability of micro enterprises differ among the MaThi and Non MaThi groups.

The present study covers SHGs promoted by both Mahalir Thittam approved NGOs(groups of Master in Madurai, DMSSS in Dindigul, KAVERI in Ramanathapuram) as well as groups promoted by NGOs not approved by Mahalir

Thittam (groups of Ragam Federation in Madurai, Sigaram in Dindigul and Janashakti in Ramanathapuram which came into operation under the guidance of World Vision India).

The evolution of livelihoods activities through micro finance can be traced through three stages

- At the first level, households use microfinance to meet the 'survival' requirements where small savings and loans serve as a buffer in the event of an emergency or to smoothen consumption or even service the microfinance giving more liquidity during lean time
- At the second level, 'subsistence' needs are met through microfinance where a household begins to utilize microfinance to diversify its basket of income generating livelihood activities to meet the working capital requirements in traditional activities.
- At the third level, as the households reach a stage where they can assume a higher degree of risk, microfinance would be used for investing in setting up an enterprise. At this point the role of Self Help Promoting institutions assumes special significance.

Two types of approaches adopted by the SHPIs are observed in the present study.

- Empowerment of people through economic intervention to improve their livelihood activities and economic status through access to credit
- Empowerment through integrated development approach in which strengthening of women's economic status is just one component in addition to education, skill training, water and sanitation and other provisions of basic needs.

Among the six SHPIs involved in the study, Ragam in Madurai, Sigaram in Dindigul and Janashakti in Ramanathapuram follow federation approach. Their efforts are directed towards enabling the groups run their programmes by themselves so that programmes do not collapse when the NGO withdraws. The other NGOs –DMSSS, KAVERI and MASTER follow ‘minimalist’ approach by taking the credit needs of the members as their main focus. A brief outline of the performance of the NGOs selected for the study in the field of micro enterprises through micro finance and their guidance for the SHGs is given vide chart 5A

Chart 5A Organizational Profile –District wise

District/NGO	Objectives	Leadership	Activities
Madurai Ragam federation under the guidance of World Vision. Establishment -1995	Livelihood activities through Sustainability of SHGs and enterprises (Livelihood enterprises and growth oriented enterprises)	Female (SHG Federation Leader)	To play the role of SHPI after the withdrawal of NGO – World vision India Strengthening the existing SHGs and promote enterprises Micro finance and micro enterprises, vocational and technical training for women, marketing links, water and sanitation, child education
Master: Establishment - 1995	Empowerment of women	Male	Linkage with Mathi project for implementing projects related to empowerment of women , conducting training for A&R and NABARD SHG- Bank linkage program
Dindigul Sigaram federation under the guidance of World Vision. Establishment :- 1996	Livelihood activities through Sustainability of SHGs and enterprises (Livelihood enterprises and growth oriented enterprises)	Female	To play the role of SHPI after the withdrawal of NGO – World vision India Strengthening the existing SHGs and promote enterprises Micro finance and micro enterprises, vocational and technical training for women, marketing links, water and sanitation, child education
DMSS Established on 21/7/1986	Poverty elevation in rural areas and women development	Male	Micro finance and enterprises, project for differently abled people, disaster management, upliftment of weaker sections, legal awareness, health and family welfare
Ramanathapu	Livelihood	Female	To play the role of SHPI after the

ram Janasakthi federation under the guidance of World Vision. established in 1994	activities through Sustainability of SHGs and enterprises (Livelihood enterprises and growth oriented enterprises)		withdrawal of NGO – World vision India Strengthening the existing SHGs and promote enterprises Micro finance and micro enterprises, vocational and technical training for women, marketing links, water and sanitation, child education
KAVERI Established in 1995	Empowerment of women	Female	Linkage with Mathi project for implementing projects related to empowerment of women , conducting training for A&R and NABARD SHG-Bank linkage program

Federation approach:

The structure, function and performance of Ragam federation in Madurai , Sigaram Federation in Dindigul and Janasakthi in Ramanathapuram District are presented below:

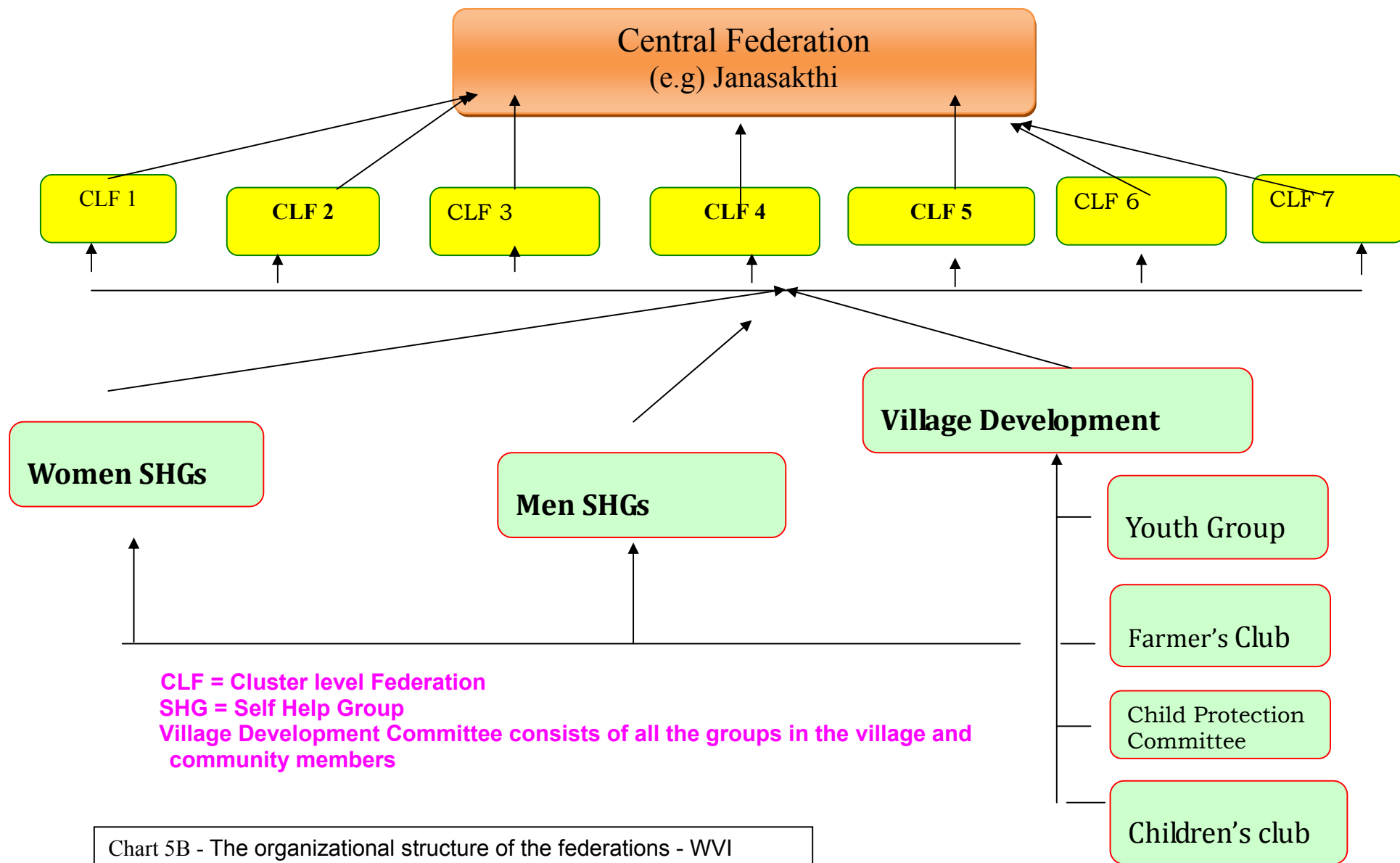
Ragam federation comprising the SHGs of Usilampatti block in Madurai, Sigaram comprising the SHGs of Oddenchatram block of Dindigul district, Janasakthi the democratic body formed with the SHGs of the Ramanathapuram , Kadaladi blocks came into operation with the sole objective of uniting such SHGs for the common cause which the individual SHGs would not be able to do and also to promote self management of the groups towards sustainability. The promoting organization (World Vision) did not want to continue in the same area for an indefinite period of time. To provide sustainability to SHG activities initiated and trained by the NGOs, it is essential to build people's institution that can independently carry forward the social and economic empowerment agenda. With these objectives World Vision has guided the formation of federations and handed over the responsibility to the federation

Objectives of the federation

- To play the role of SHPIs after the withdrawal of NGO – World Vision India
- To strengthen the existing SHGs in the target area
- To form new SHGs in the operational area
- To facilitate inter- group exchange of information and experience and promote linkage between SHGs and other agencies
- To act as promoter of micro enterprises among the member groups for livelihood promotion

Formation of SHGs is an integral part of World Vision's livelihood promotion strategy. World Vision has developed SHGs as community based organization that would accumulate savings of the members and graduate the groups into micro enterprises

Ragam, Sigaram and Janasakthi are the block level federations of women SHGs established under the guidance of World Vision. They were registered under Societies Registration Act. World Vision India has given the seed money through SHGs to create a revolving fund of the federation out of which the federations provide loan to promote education of the children, small economic development activities and also to meet emergency medical expenses and consumption needs.



The goal of development finance should primarily address the issue of reducing poverty on a significant scale in addition to delivering the services on a commercially viable basis. Sustainability can be achieved only when the poor are able to manage their problems through self reliance and mutual cooperation.

Features of SHG Federations:

Collective Action: The federation in the study area is a three tier structure of institution – village level , cluster level and block level. The nested institution of primary groups at each level provide an opportunity for collective action by the members of the groups and provide local leadership among the members to support local governance.

Sharing experience: Each group of 10-20 members goes through the various stages of development – stabilization, growth, diversification, and graduation to micro enterprise. Membership in federation gives scope for sharing experiences with other groups.

Promotion of Self Governance: Sustainability of institution and sustainability of programmes are achieved when people take on the role of decision making. The federation promotes self governance of members at each level which would help them to develop appropriate financial products.

Char 5C Federations – Structure and Functions

Particulars	SHG Group	PLF/CLF	Federation
Purpose	To promote Savings and credit linkage with mainstream banks, to redeem the poor from clutches of moneylenders by creating a separate line of Credit for	Promotion of group cluster to achieve financial viability and sustainability. To build capacity of leaders and co-sharing	Federation provides an institutional 'identity for members groups as World Vision withdraws from the target area. To link the groups with mainstream institution like bank and also with Government so that seed money can be availed for

	consumption and emergencies		sustainability of groups. To meet civic needs of members – health, education, water sanitation – Road for holistic development
Members Eligibility	12 – 20 members from poor families Age – 18 to 60 yrs	15 – 20 active SHGs involved in regular savings and credit operations – Participate in training, programmes organization for evolution of federation	100 – 120 SHGs – willing to abide by bylaws and pay membership fee
Legal Status	Unregistered informal groups	Unregistered association of member groups 12 PLFs are functioning with 353 groups	Registered under Tamil Nadu Societies Registration Act and audit statements submitted
Area of Operation	Hamlets	15 Panchayats	The General body consists of about 500 persons Each group is represented by two office bearers. 4-8 CLFs constitutes Central Federation
Executive Committee	Animator of the group and two representatives	Executive committee consists of President, Secretary and Treasurer and a volunteer	Executive Committee consists of President, Secretary and Treasurer and a volunteer and four staffs
Source of funds	Savings from members, interest income on loans at markets rates	Entrance fee Rs. 50 Interest on loans	Entrance fee Rs. 100 Interest on loans Loans from other Agencies

The various strategies adopted by the SHPI in the study area is given below.

The leading SHG promoting agencies included in the study comprise of a mixed group that include both federations as well as NGOs operating in the area. They have devised various strategies to provide access to financial services to the groups. Linking SHGs directly to banks is the basic model in which an SHG promoted by

SHPI or bank can access a multiples of its savings in the form of cash credit limit or loan funds from the local bank branch. The SHG on-lends the funds, it receives from the bank to its members. The bank linkage model is a savings led model with a minimum savings period of 6 months prior to the availability of bank credit. The quantum of credit available to SHGs starts from parity with savings and can increase to 4-8 times the level of savings.

The study has identified two major types of models implemented by the SHPIs in the study area. They are as follows:

- The Minimalist approach of SHPI
- Livelihood Promotion model by SHG Federation based on project initiatives

Strategies adopted by Self Help Promoting Institutions

Minimalist approach:

The Banks of course by definition is intended to provide financial services. However on its flipside are non financial services as a means of improving the ability of its clients to utilize the financial services. According to the minimalists there is a single 'missing piece' for enterprise growth that is lack of short term credit. On the other hand the integrated approach of 'holistic' school looks at it from the clients angle and provides for a combination of financial and social intermediation practices, enterprise development and social services – a sort of single window approach provided either by NGO, Bank or Government. The SHPIs in the study area – Master in Madurai district, DMSSS (Dindigul Multi Purpose Service Society), and KAVERI (Ramanathapuram) adopt Minimalist approach with main focus on credit side

Enterprise Strategy approach:

Federations under the guidance of World Vision believe that once the women become economically sound and strong, it will automatically lead to social empowerment and that micro enterprise is a means to achieve economic empowerment through poverty alleviation. Economic Empowerment of SHG women

is not an automatic consequence of the provision of Micro finance to women. The women need to acquire the entrepreneurial skill to utilize the loan productively. Ragam Federation in Madurai district and Sigaram in Dindigul district and Janasakthi in Ramanathapuram belong to this category.

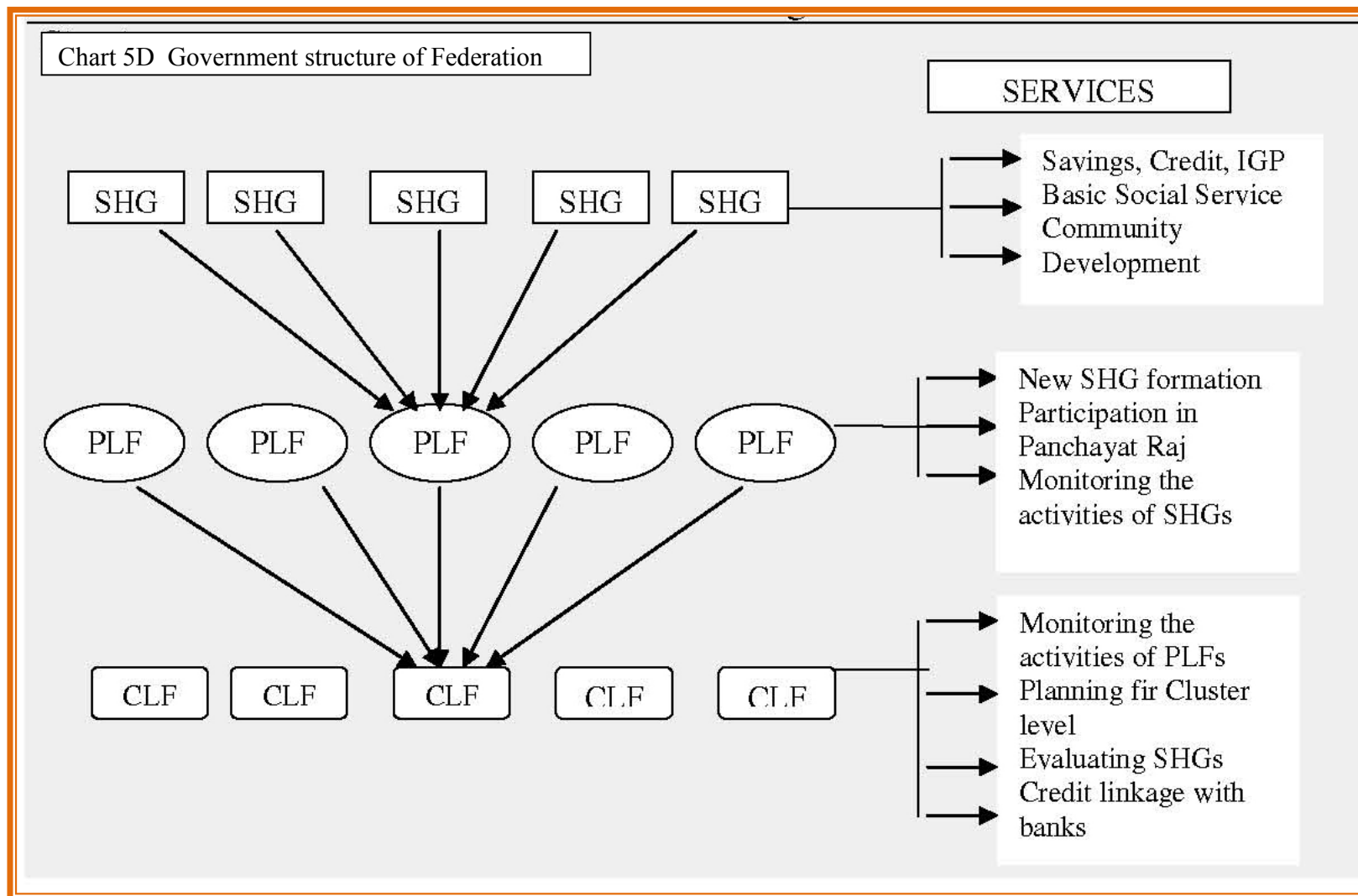
The greatest challenge here is to identify economic activities which may be beneficial to the majority. This calls for prolonged stay by the staff of SHPI in the community so as to familiarize with the living and working conditions of the rural women. The process in the first place seeks to identify activities which can be implemented by the SHGs themselves with outside financial or management support. Knowledge generation and sharing, through bridging social capital and linking social capital becomes essential; village meetings, inter-village exposures, exposure visit to nearby micro enterprises will be an added advantages. Management guidance in relation to the identified activity of the group is indispensable. Helping the SHGs in building a Network of Linkages not only among themselves but also with third parties (linking social capital) who may support their activities is essential. The task is to help the SHGs to have frequent interaction with various institutions and in maintaining a careful balance between a series of dependence and interdependence.

The case of Aracanut unit at Muthunayakanpatti at Oddanchatram block of Dindigul district and readymade garments unit at Usilampatti block of Madurai district are good models to be quoted in this context. The holistic approach adopted by the SHG federations in training, establishment of facilities with its other ambit of services has helped in the successful venture. The SHPI not only procures orders but also coordinates the purchase and social security aspects of the members

Panchayat Level Federation adopted by the NGOs in the study area:

The most important units of Mahalit Thittam are SHGs and Panchayat level Federations(PLF). Since 2006-07 the Mahalir Thittam has been providing seed money for building the capacities of office bearers and also announce awards to the best PLF. Under the programme, existing PLFs were restructured to become more efficient and transparent in their operations. The Tamilnadu government has ordered all the PLFs to get registered under the Tamilnadu Societies Registration Act 1975 in order to provide them with a legal status. The PLFs make possible the pooling of resources of SHGs to bring in economies of scale both in production and marketing. They monitor the performance of the SHGs in a village panchayat and also form and train new SHGs. The restructured PLFs have accessed bulk loans from banks and successfully accomplished the role of financial intermediaries to SHGs.

The Government of TamilNadu implemented Entrepreneurial Development Training programme for the SHGs through MaThi NGOs. The training was target oriented with 30 persons per batch. One of the weaknesses of this project was that those who had no interest in self employment activities also managed to get into the training programme. The NGOs have to fulfill the target and some trainees were interested in stipend given for the participants with the result the objective of EDP was not realized. Hence it would be proper to identify the members with entrepreneurial qualities and favourable attitude for entrepreneurial venture before imparting the skill training.



source – National workshop on SHG federation - 30th May 2008, Vigyan Bhawan, New Delhi

SECTION – B

Socio – Economic Profile Of Respondents

It has been increasingly recognized that women are better managers of credit as women have plans for themselves, for their children and for their family. The socio economic background of the women influence the way women plan and use their credit facilities . A clear insight into the socio economic factors is essential to establish the influence that these factors have on the life and work of the study group. The analysis of socio economic characteristics of the respondents is presented in this section. The socio demographic details of the respondents in the study illustrate some heterogeneity in the characteristics of women engaged in micro enterprises

Table 5.1
Gender wise distribution of the respondents

Gender	Madurai		Dindigul		RAMNAD		Total
	Ragam	Master	Sigaram	DMSSS	Janasakthi	Kaveri	
Male	32 (20.25)	–	48 (29.62)	–	22 (14.97)	–	102 (12.43)
Female	126 (79.74)	134 (100)	114 (70.38)	118 (100)	125 (85.03)	101 (100)	718 (87.57)
Total	158	134	162	118	147	101	820

Source: field data

Figures within parenthesis indicate percentages

Gender wise distribution of the respondents shows that majority of the beneficiaries of micro enterprise programme are women constituting 87.57 per cent as against 12.43 per cent in the case of men. It is found that in all the three blocks under study only the federations of SHGs such as Ragam, Sigaram and Janasakthi in Madurai, Dindigul and Ramanathapuram respectively encourage men Self Help Groups.

The ability to undertake a job and the performance of it will differ in different age groups. From the data given in table 5.2, it is found that in all the districts under study, majority of the respondents are found in the active age group of 30-50 and

only 3.9 per cent of the members belong to the age group of above 50 years. A possible explanation for this trend in the sample may be related to the motive of entry into the self employment. Prompted by economic hardship the SHG members are compelled to combine child care tasks and income earning opportunities because of the need to supplement meager household income. This confirms that the entry of women into the micro enterprise sector is mainly for economic need and survival grounds. Thus in conformity with Kabeer's(1997) views women's entry into self employment and income earning opportunities is by and large associated with their life cycle, household status and economic status.

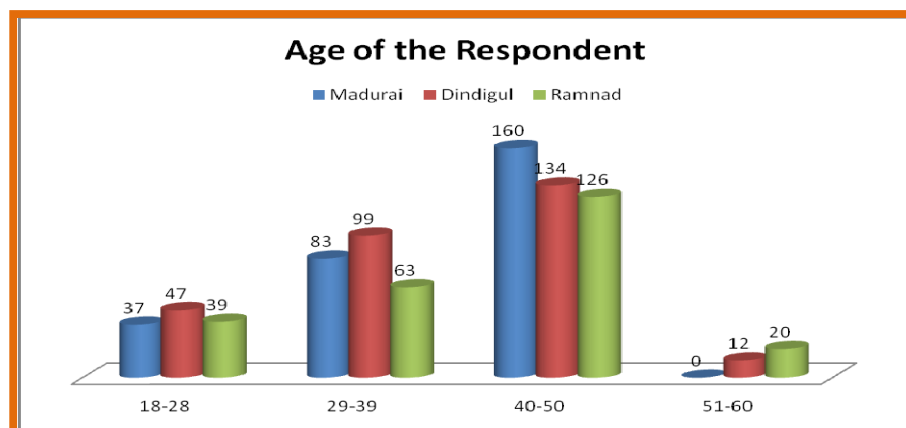
Table 5. 2
Age wise distribution of the respondents

Age	Madurai	Dindigul	Ramnad	Total
18-28	37 (13.21)	47 (16.09)	39 (15.72)	123 (15)
29-39	83 (29.64)	99 (33.90)	63 (25.40)	245 (29.88)
40-50	160 (57.14)	134 (45.89)	126 (50.80)	420 (51.21)
51-60	—	12 (4.10)	20 (8.06)	32 (3.90)
Total	280	292	248	820

Source: field data

Figures within parenthesis indicate percentages

Fig 5.1. **Age wise distribution of the Respondents**



Marriage is an institution that sanctions the relationship of men and women and binds them in a system of mutual obligation and rights essential to the functioning of family life. Since the career of woman is an additional responsibility in their married life, an analysis on the marital status of working woman is essential. Information about the marital status of the respondents in the sample can be seen in the table 5.3 which shows the marital status of the respondents across the districts. Out of the married female respondents, living together with their partners 6 per cent of the male partners are non working and non earning because they are either sick, or physically challenged or retired making the households dependent on the female members for survival. In the absence of male bread winner, women had to involve in income generating activities and bear the burden of housekeeping. Widows and separated women together constituted 9.40 per cent among the respondents

Table 5.3
Marital status of the respondents

Marital status	Madurai	Dindigul	Ramnad	Total
Married	231 (82.5)	274 (93.84)	186 (75.00)	691 (84.26)
Unmarried	33 (11.79)	9 (3.08)	10 (4.03)	52 (6.34)
Widowed/separated	16 (5.71)	9 (3.08)	52 (20.97)	77 (9.40)
Total	280 (100)	292 (100)	248 (100)	820 (100)

Source: field data

Figures within parenthesis indicate percentages

It is found from table 5.3 that majority of the respondents (84.26 per cent) are married and widows/ separated category constitute 9.40 per cent of the total. This category is found to be the highest in Ramanathapuram district with 20.97 per cent

Religion wise distribution of the respondents reveals that majority of them in all the three districts (96.78 per cent, 86.65 per cent and 85.89 per cent respectively in Madurai, Dindigul and Ramanathapuram respectively) are Hindus

Table 5.4
Religion wise distribution

Religion	Madurai	Dindigul	Ramnad	Total
Hindu	271 (96.78)	253 (86.65)	213 (85.89)	737 (89.88)
Christian	6 (2.15)	39 (13.35)	30 (12.09)	75 (9.15)
Muslim	3 (1.07)	—	5 (2.02)	8 (0.97)
Total	280	292	248	820

Source: field data

Figures within parenthesis indicate percentages

Caste differences determine the mode of domestic and social life and cultural patterns of the people. In the study area. Majority of the member respondents belonged to backward caste (72.44 per cent) followed by scheduled caste(24.64 per cent).

Table 5.5
Caste wise distribution of the respondents

Caste	Madurai	Dindigul	Ramnad	Total
FC	—	9 (3.08)	15 (6.05)	24 (2.92)
BC	42 (15)	110 (37.67)	86 (34.68)	238 (29.03)
MBC	238 (85)	69 (23.63)	49 (19.76)	356 (43.41)
SC	—	104 (35.62)	98 (39.51)	202 (24.64)
Total	280	292	248	820

Source: field data

Figures within parenthesis indicate percentages

Education plays an important role in gaining self confidence, in developing capabilities and winning status in the society. For the people in the lower income group, employment opportunities in the organized sector are limited and their educational qualification is another constraint. It is found that 14.88 per cent of the respondents are illiterates (vide table 5.6) and the percentage of illiteracy is found more in Ramanathapuram (28.23 per cent). Majority of the respondents are literates and have received primary education (36.59 per cent)

Fig. 5.2 **Educational Status Of The Respondents**

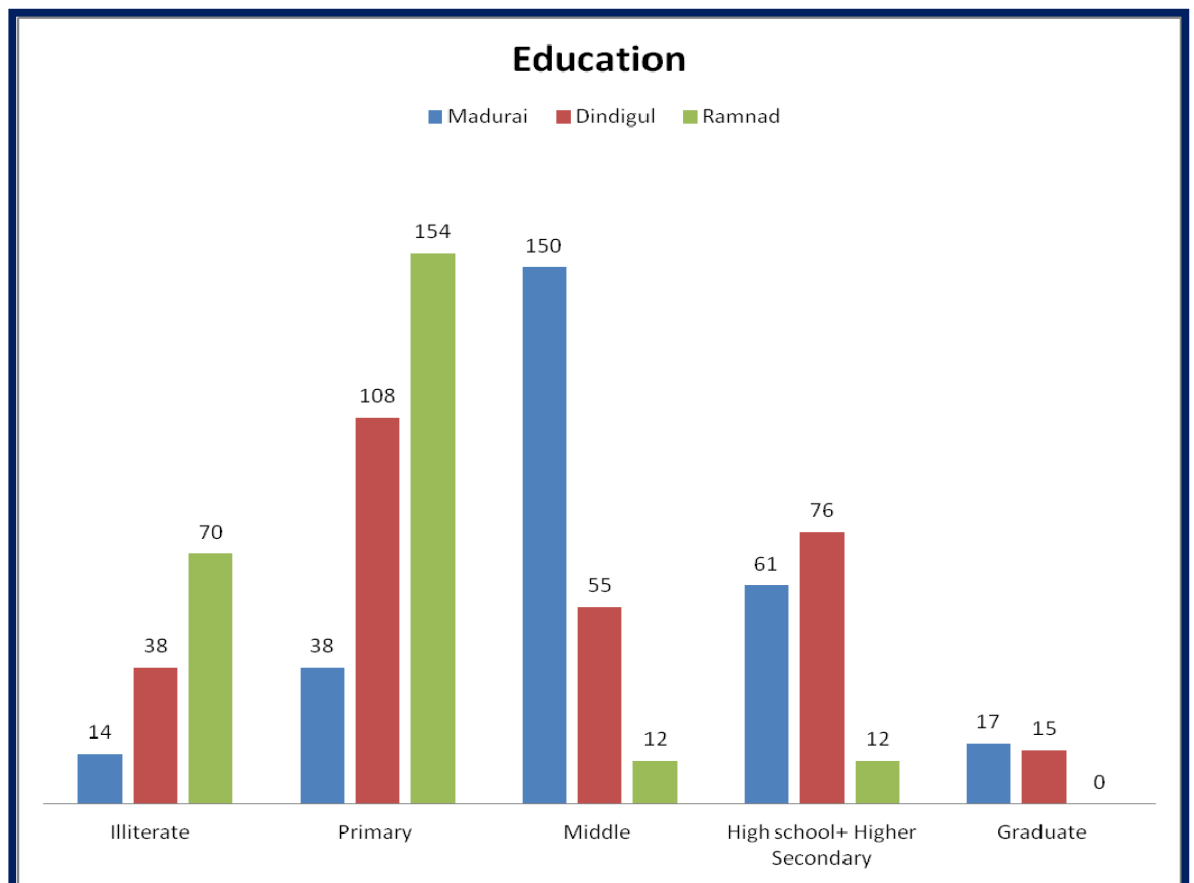


Table 5.6
Educational status of the respondents

Education	Madurai	Dindigul	Ramnad	Total
Illiterate	14 (5.00)	38 (13.01)	70 (28.23)	122 (14.88)
Primary	38 (13.57)	108 (36.99)	154 (62.09)	300 (36.59)
Middle	150 (53.57)	55 (18.84)	12 (4.84)	217 (26.46)
High school+ Higher Secondary	61 (21.79)	76 (26.02)	12 (4.84)	149 (18.17)
Graduate	17 (6.07)	15 (5.14)	—	32 (3.90)
Total	280	292	248	820

Source: field data

Figures within parenthesis indicate percentages

Occupation is an important factor determining the ownership of micro enterprises. It is likely that farmers and agricultural labour class may start micro enterprise activities to supplement their family income. The housewives may like to get involved in income generating activities , motivated by the SHPIs and peer members. Occupation wise distribution of the respondents reveals the predominance of agricultural labour (46.09 per cent) in all the districts under study .(vide table 5.7) . Farmers constitute 37.19 per cent and housewives involved in livelihood enterprises constitute 16.47 per cent in the study area. The spouses of the women as reported by the women were engaged in farming and various small business activities such as rickshaw pulling, driving, carpentry, masons and cycle repair shops. Although these activities generated a source of income for the men and their families there existed a likelihood of uncertainty and irregularity in terms of their daily income earning capacity. Thus it is quite evident that income generated by women

from their micro enterprises activities was very crucial in supplementing husband's income in meeting household needs. In the case of female headed households (de facto and de jure) it is obvious that ensuring household survival and meeting the basic needs of members of these households was in reality the role of the women. Being the principal source of income in the household, it goes without saying therefore that female entrepreneurs were also practically the major and in some cases the sole providers of household welfare needs of household members.

Table 5.7
Occupation of the respondents

Landholding	Madurai	Dindigul	Ramnad	Total
Agricultural labour	128 (45.71)	157 (53.77)	95 (38.31)	380 (46.34)
Farmers	107 (38.21)	62 (21.23)	93 (37.50)	262 (31.95)
Lease land owners	—	24 (8.21)	19 (7.66)	43 (5.24)
Housewife	45 (16.08)	49 (16.79)	41 (16.53)	135 (16.47)
Total	280	292	248	820

Source: field data

Figures within parenthesis indicate percentages

Multiple degrees of poverty

In the study area the respondents were categorized as 'desperately poor', 'poor', and 'economically active poor', based on wealth ranking exercise. The 'desperately poor' class exists in extreme poverty below the minimum subsistence level. They were unemployed or under employed as well as those whose work was so poorly remunerated that their purchasing power did not permit the minimum calorie intake or too disabled to work. They were characterized by without skill or livelihood opportunities, lack of assets, housing, land or cattle. They were malnourished.

The 'poor' category consists of those who lead their living with poor wages which is seasonal and irregular but assured of atleast one times meals a day. They face food deficit, their family being large varying between 4-5, do not possess any skill to carry out any subsidiary occupation.

The term 'economically active poor' in contrast refers to those who are employed at least 15 days a month and are not severely food deficit and active enough to learn some skill for subsidiary activities in addition to main occupation.

Table 5.8

Multiple degrees of poverty

Particulars	Dindigul	Madurai	Ramnad	Total
Desperately poor	3 (1.03)	6 (2.14)	27 (10.89)	36 (4.39)
Poor	198 (67.80)	204 (72.86)	141 (56.86)	543 (66.21)
Economically active poor	91 (31.17)	70 (25.00)	80 (32.25)	241 (29.40)
Total	292	280	248	820

Source: Field data

Figures within parenthesis indicate percentages

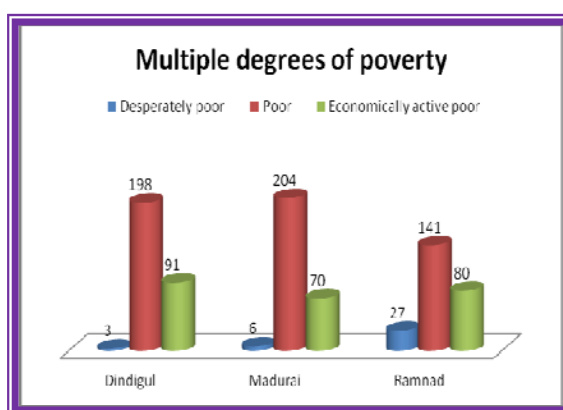


Fig 5.3 Multiple Degrees Of Poverty

Among the 820 respondents, majority (66.21 per cent) belong to 'poor category followed by 'economically active poor' (29.40 per cent). It is found that only 4.39 per cent of the sample respondents were desperately poor and this class is found comparatively more in Ramanathapuram(10.89 per cent)

PART C

Micro Enterprises – Types, Dimensions and Management

The respondents in the study area were engaged in two types of income generating activities as given vide table 5.9

Table 5.9
Livelihood enterprises / Micro enterprises

Particulars	Madurai	Dindigul	Ramnad	Total
Engaged in Livelihood enterprises	248 (88.57)	154 52.74	224 90.32	626 76.34
Engaged in Growth oriented enterprises	32 (11.43)	138 47.26	24 9.68	194 23.66
Total	280 (100)	292 (100)	248 (100)	820 100)

Source: Field data

Figures within parenthesis indicate percentages

Rural non farm livelihood enterprises comprise of household enterprises and small/tiny enterprises. The livelihood enterprises vary widely in size, location, gender and sector of activity. Most are single person, owner – operated units engaging family members. Most of these enterprises are subsistence or livelihood enterprises providing employment opportunities in the absence of more profitable alternatives and often are one of several secondary sources of income, many of them intermittent, part time and seasonal. They are engaged in a wide range of activities with heavy concentration in trade and service activities predominantly related either to agricultural inputs outputs or to consumption needs of villagers. They earn a small surplus which is frequently not reinvested but devoted to household expenditures, reflecting the poverty of the owners. They require low level

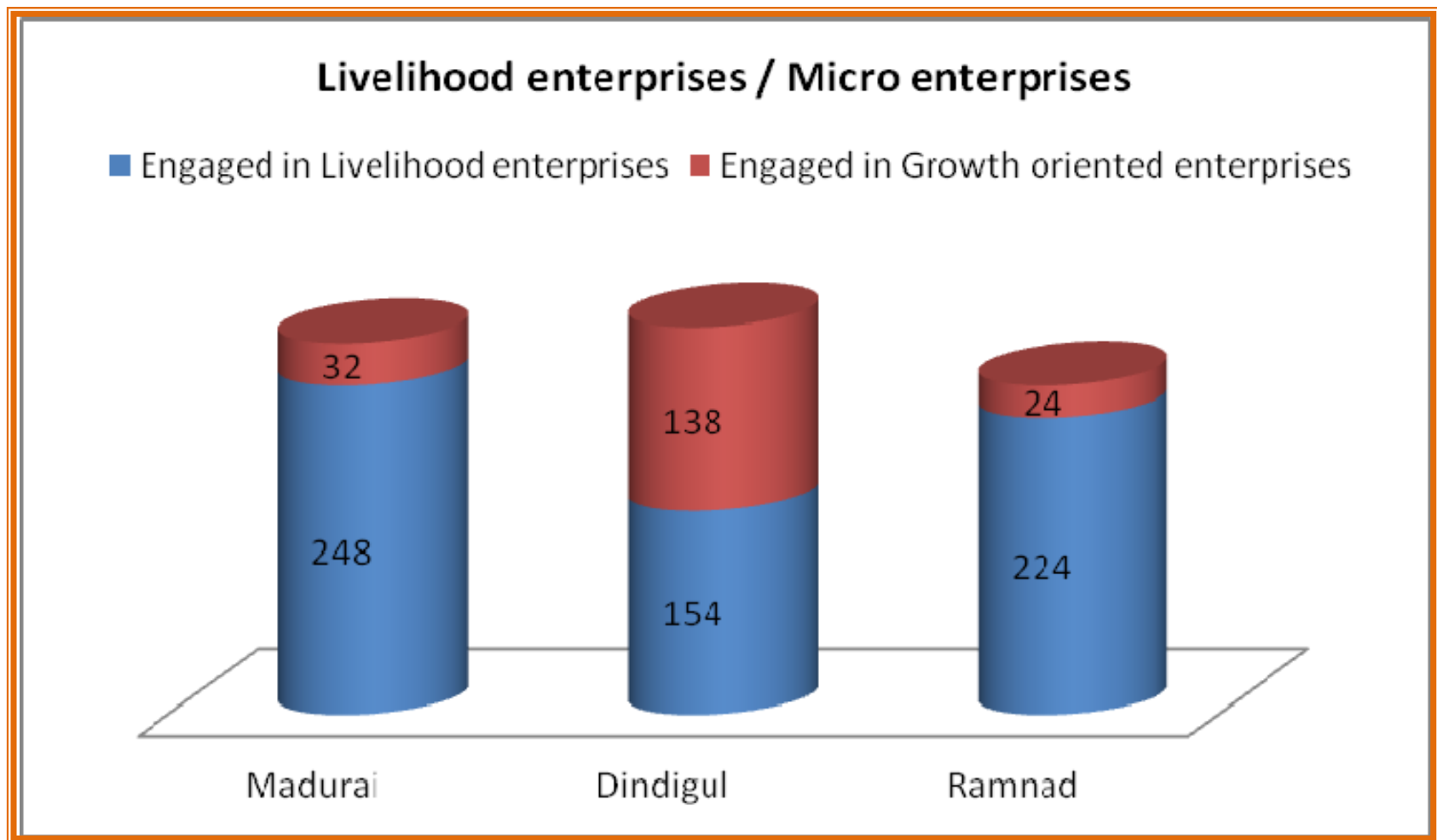


Fig 5.4

Livelihood enterprises / Micro enterprises

skills and capital hence there are low barriers to entry and they are over crowded. Thus in general, they have small potential for growth. A small number may grow over time and may start employing wage labourers.

Table 5..9 highlights the fact that majority of the respondents run livelihood (76.34 per cent) activities such as petti shops, flower selling, vegetable shops, cycle repair, tea shops etc.,and 23.66 per cent of the respondents are engaged in growth oriented micro enterprises such as computer centres, R.O water plants, aracanut plates production, paper cup production nursery raising etc.,.

The second category of enterprises mostly employs wage labourers in addition to family members, relatives and use higher skills and capital intensity. These enterprises employ anywhere between two to ten employees. Many of them hold prospects for growth in scale, capital intensity and market size over the long run. The major differences between the two categories of enterprises as found in the study area is given in chart 5E

Chart 5E. Differences between livelihood enterprises and growth oriented micro enterprises

Factor/criteria	Livelihood enterprises	Micro enterprises
Capitalization	Capitalization is relatively low e.g. petty shop	Higher e.g .Reverse osmosis water plant in Muthinayakanpatti, Dindigul district
Education	Primary/ functional or functional education	Formal education at least secondary schooling
Skill and experience	Skill and experience relatively low except acquired traditionally e.g. fruit selling	Acquired through vocational training e.g paper cup production training
Gender	Majority of the participation is by women e.g. vessel	Joint or male participation e.g .Brick kiln

	renting	
Sector	Higher proportion in livestock, backyard poultry ,food processing, petty trade	High proportion in manufacturing and services requiring skills e.g.aracanul products production, computer centre
Competition	Usually function in perfectly competitive markets with low barriers to entry and little scope for cutting costs and intensive use of family labour	Often occupy the 'niche' markets with more scope for specialization and product differentiation
Seasonality	Often seasonal tied to crop cycle, school year, major festivals	Less affected by seasonality and function throughout the year even if varying levels
Contribution to family income	Usually a secondary source contribution to family income although vital	Often primary
Whether only enterprise	Usually one of several 'multiples' enterprises to compensate for seasonality and low returns	Usually the only enterprise
Use of hired labour	Use of hired labour is rare and infrequent, mostly use of family labour	More common, often children, relatives
Surplus and reinvestment	Surplus is limited and often ploughed back into household expenditure and reinvestment is rare	Reinvestment of the surplus

Use of credit	Trading activities often started on a consignment basis, livestock acquired on a profit sharing basis, land and boats on lease basis	Credit available from formal informal and semi formal sources and often two way flow of credit so that micro enterprises often become net lenders than livelihood enterprises
Potential for growth	Limited in terms of new employment generation but offer scope for increase in sale, productivity, profitability and income; growth blocked often by demand constraints, resource constraints (fishing) and physical constraints (space in home and yard)	Have growth potential, number of workers more paid employees, employment usually of 'higher quality'

Years of Experience of the SHG entrepreneurs

Experience is an important factor which contribute to perfection of and sustainability of an enterprise. Experience wise analysis of the groups reveals that majority of the enterprises (67.44 per cent) in the present study have 4-6 years of experiences. Enterprises with more than nine years of experience are found in Ramanathapuram (23.39 per cent).

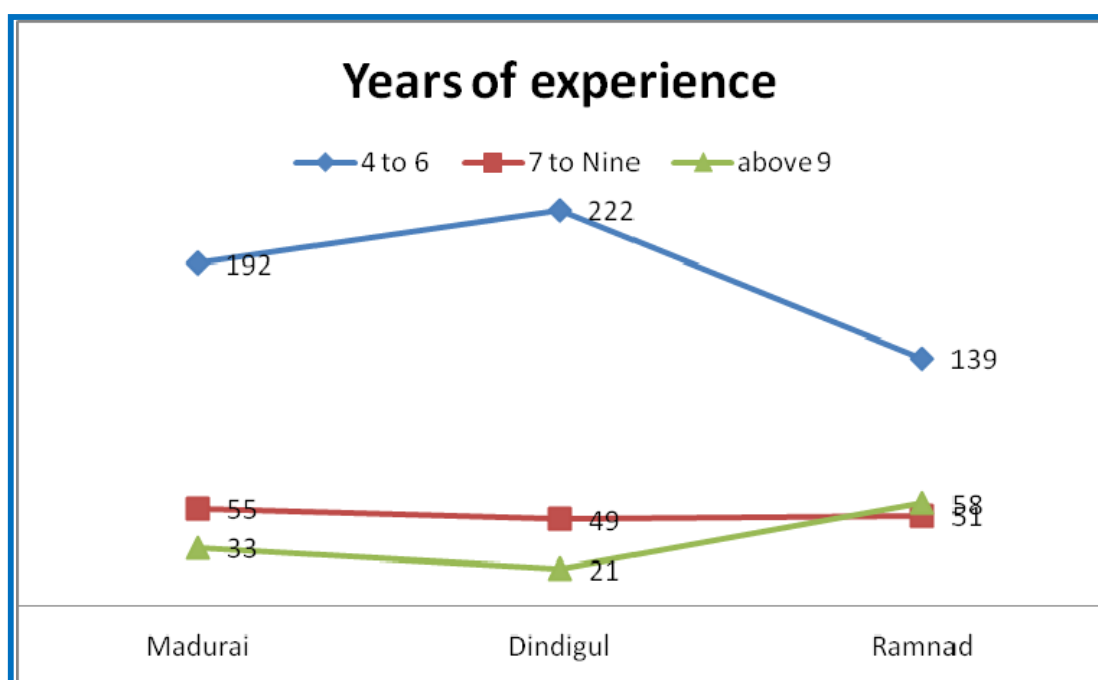
Table 5.10
Years of Experience

Year	Madurai	Dindigul	Ramnad	Total
4-6	192 (68.58)	222 (76.03)	139 (56.04)	553 (67.44)
7-9	55 (19.64)	49 (16.78)	51 (20.57)	155 (18.90)
>9	33 (11.78)	21 (7.19)	58 (23.39)	112 (13.66)
Total	280	292	248	820

Source: Field data

Figures within parenthesis indicate percentages

Fig 5.5
Years of Experience



A number of factors come into play with respect to the decision and rationale of initiating income generating activities. The motives of entry into business varies from one member to another and with different activities. The type of activity to run or operate also depends on the ability, skills and capacity of the individual including the resource requirements and needs of the enterprise and how easily these are accessible. While the decision to be self employed or to operate a micro enterprise activity may be influenced by changes in one's personal life situation, family cycle or work history, others could be spurred on by other financial and economic pressures. There are however varying explanations provided by the respondents as a push factor or justification of entry into micro enterprise actor.

An analysis of data collected through the in-depth interview reveals various motives as responsible and playing a significant role in making them take up self employment and income earning opportunities as summarized in table 5.11. The most common motive of entry into business mentioned by the respondents is as a result of hardship and poverty.

Significantly, in large number of cases, the members initiated the enterprise activities as they faced with difficult situations while coping financial strains. Majority of the members (71.09 per cent) in all the districts under study decided to involve in livelihood activities with the expectation that it would bring a hike in the family income and thereby improving their economic condition to overcome poverty and to have cash to meet the day to day exigencies. In the study area the proportion of such response is rather high among the respondents of Ragam federation in Usilampatti block of Madurai district . In the case of 4.27 per cent of the respondents, death of the spouse forced the women to involve in income generating activities. (vide table 5.11). "I lost my husband and needed money to take care of my children" testified a widow who operates a restaurant. Also as reported by another male respondent who owns a pettishop he got into the business as a way out of hardship caused as a result of the death of his father. "I went for business because I had no one to turn to as I lost my father." This highlights the centrality of changes in one's personal life situation in terms of death of a

relation or the main earner or bread winner on entrepreneurs' choice of starting a business and becoming self employed. Other responses such as encouragement from the family, the need for extra income for household were suggested by the respondents as other motives for going into business.

Table 5.11
Motives to involve in livelihood activities

	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Poverty	141 (87.03)	78 (66.10)	111 (70.26)	99 (73.89)	80 (54.43)	74 (73.26)	583 (71.09)
Death of bread winner	1 (0.61)	4 (3.39)	3 (1.89)	—	22 (14.97)	5 (4.95)	35 (4.27)
Encouraged by family	8 (4.94)	20 (16.95)	14 (8.87)	—	—	—	42 (5.12)
Need for extra income for household needs	7 (4.33)	16 (13.56)	24 (15.18)	35 (26.11)	35 (23.80)	17 (16.83)	134 (16.34)
Funds available	5 (3.09)	—	6 (3.80)	—	10 (6.80)	5 (4.96)	26 (3.18)
Total	162	118	158	134	147	101	820

Source: Field data

Figures within parenthesis indicate percentages

Table 5.12
Reasons for choice of activities

Reasons	Madurai	Dindigul	Ramanathapuram	Total
Easy to start	102 (34.93)	79 (28.21)	112 (45.16)	293 (35.73)
It is profitable	22 (7.54)	65 (23.21)	14 (5.65)	101 (12.32)
Training given by NGOs	42 (10.96)	48 (17.14)	12 (4.84)	102 (12.44)
Family tradition	20 (6.85)	25 (8.93)	32 (12.90)	77 (9.39)
Resource availability	8 (2.74)	8 (2.86)	16 (6.45)	32 (3.90)
Location of the activity	18 (6.16)	15 (5.36)	32 (12.90)	65 (7.93)
Failure to find alternative job	80 (30.82)	40 (14.29)	30 (12.10)	150 (18.29)
Total	292 (100)	280 (100)	248 (100)	820 100.00

Source: Field data

Figures within parenthesis indicate percentages

Discussion with the respondents revealed that as high as 35.73 per cent of the respondents selected the activity because it was easy to start . The easy start up of micro enterprise were in terms of the following:

- No special skills were required
- Initial capital was low and easy for women in combining such activities with women's household and child care activities

- Some of the activities such as 'running restaurants' are related to domestic roles of women and they are less likely in need of professional training and high level of education

In the case of 12.44 per cent of the members, the training imparted by the NGOs was largely responsible for selection of activities. For instance in Dindigul 17.14 per cent of the members underwent training in various skills such as aracanut plate production, jute bag making and embroidery which prompted them to take up the activities. It is surprising to note that only about 12.32 per cent of the respondents considered profit maximization as a reason for selecting the activities as shown in table 5.12 . Thus majority of the members did not consider profit maximization for setting up a particular activity. This calls attention to the fact that little or no feasibility study was done in terms of available markets for their produce and services and the level of profitability of the activity in question. This explains the reason why there is concentration of women in already saturated and consequently low return activities with limits turn over and profit potential.

Another point of notice is that 87.56 per cent of the SHG entrepreneurs have not undergone any skill training.

Table 5.13

First generation Vs Second generation entrepreneurs

	Madurai	Dindigul	Ramand	Total
First generation enterprises	168 (57.53)	147 (52.50)	163 (65.73)	478 (42.80)
Second generation enterprises	124 (42.47)	133 (47.50)	85 (34.27)	342 (57.20)
Total	292 (100)	280 (100)	248 (100)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

Entrepreneurship is a process of discovering new ventures of combining resources. In a competitive resource market, it is not only hard for the new entrepreneurs to choose appropriate line of enterprise but also difficult to sustain successful entrepreneurial activities. First generation entrepreneurs are those who undertake the entrepreneurial activities for the first time in the family. The first generation entrepreneurs take their own decision, make their own mistake and learn from them and continue to grow. It is found in the present study that 42.80 per cent of the respondents belong to the 'first generation' category (vide table 5.13) and second generation entrepreneurs constitute 57.20 per cent. District wise analysis shows that first generation entrepreneurs are found more in Ramanathapuram (65.73 per cent) compared to 57.53 per cent in Madurai district and 52.50 per cent in Dindigul district.

Gender wise analysis of the respondents, furnished in table 5. 14 reveal that first generation entrepreneurs are found more among women (61.54 per cent in Madurai district, 59.05 per cent in Dindigul district and 70.35 per cent in Ramanathapuram) than men. On the whole 21.57 per cent of the entrepreneurs constitute first generation entrepreneurs among men as against 63.51 per cent among women. In the case of second generation entrepreneurs, women constitute 36.49 per cent as against 78.43 per cent among men. The reasons for high concentration of women among first generation are not far to seek.

- Only the membership in SHG prompted them to undertake entrepreneurship activities. Before joining the SHG the women were either wage employed or satisfied with household activities
- The training opportunities roped in small percentage of women into entrepreneurial activities

Table 5.14

First generation Vs Second generation entrepreneurs – gender wise

Gender	Madurai		Dindigul		RAMNAD		Total	
	male	female	Male	Female	Male	female	Male	Female
First generation	8 (25)	160 (61.54)	10 (20.83)	137 (59.05)	4 (18.18)	159 (70.35)	22 (21.57)	456 (63.51)
Second generation	24 (75)	100 (38.46)	38 (79.17)	95 (40.95)	18 (81.82)	67 (29.65)	80 (78.43)	262 (36.49)
Total	32 (100)	260 (100)	48 (100)	232 (100)	22 (100)	226 (100)	102 (100)	718 (100)

Source: Field data

Figures within parenthesis indicate percentages

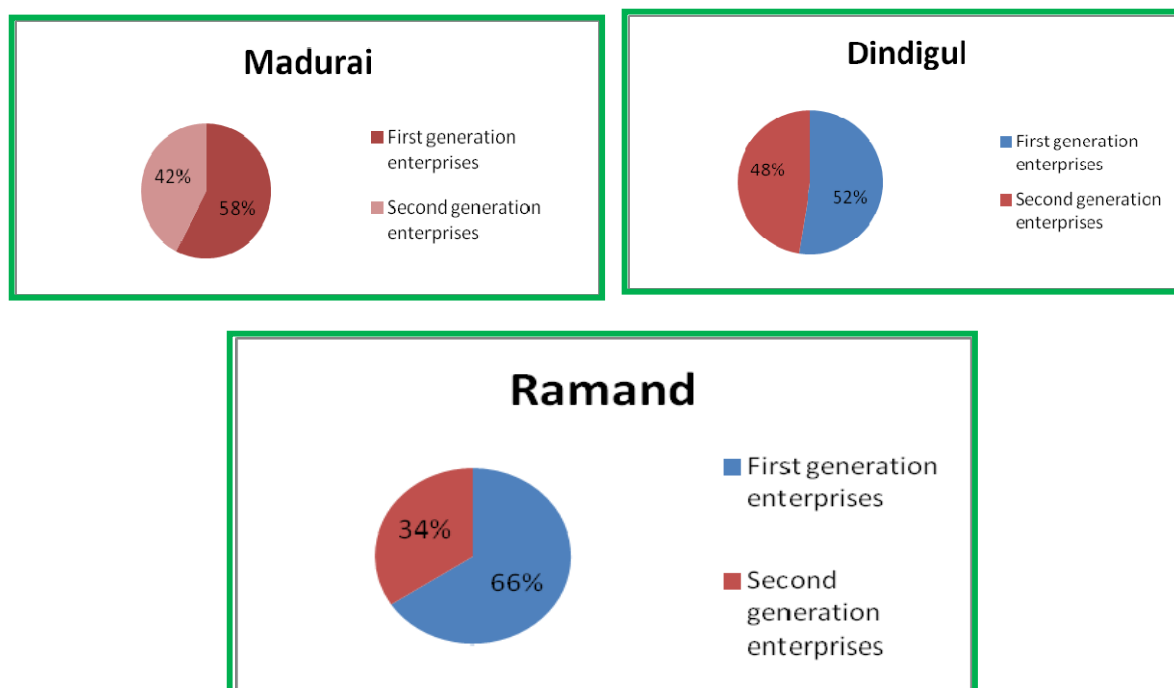
Fig 5.6 **First generation Vs Second generation entrepreneurs**

Table 5.15
Factors influencing Choice of Activities

Particulars	Madurai		Dindigul		Ramnad	
	Ragam	Master	Sigaram	DMSSS	Janasakthi	Kaveri
Federation	140 (86.42)	-	70 (42.41)	9 (6.72)	97 (65.99)	-
SHG	16 (9.88)	33 (27.67)	64 (46.20)	59 (21.64)	18 (12.25)	20 (19.80)
SHPI	-	21 (17.80)	18 (11.39)	22 (8.96)	12 (8.16)	9 (8.90)
Family/self	6 3.70	64 54.24	6 (3.80)	44 (32.84)	20 (13.61)	72 71.30
Total	162 (100)	118 (100)	158 (100)	134 (100)	147 (100)	101 (100)

Source: Field data

Figures within parenthesis indicate percentages

The SHG members were assisted by different agencies such as federation , SHGs, NGOs, family and external experts in identification of activities / expansion of activities. Majority of the members of RAGAM in Madurai (86.42 cent) and Janasakthi in Ramanathapuram (65.99 per cent) were counseled by the federation . In the case of members of “Master’ in Madurai and DMSSS in Dindigul and Kaveri in Ramanathapuram family members were predominant in helping the members in selecting the activities. The Self Help Groups played a key role in selection process in the case of members of “Sigaram”.

Risks faced by the SHG entrepreneurs

The SHG entrepreneurs in the study area face risks from a variety of sources. Despite the variability it is possible to organize the sources of risks under five categories

- Market risks
- Natural risks

- Technological risks
- Strategic risks
- Personal risks

How does Micro enterprises affect household's ability to deal with the risks?

Market risks are extremely important source of risk for SHG entrepreneurs. Unfavourable price changes are key type of market risk. Significant increase in input prices or decrease in output price can reduce or eliminate micro enterprise profit.. In addition, an enterprise can be adversely affected by disruptions in vital business services such as marketing channels, credit and transport. Losses from market risk act to lower the return to the investment in micro enterprise (e.g) dry coconut business

Natural risk can also have an adverse effect on micro enterprise investment. Natural risks include drought , pests etc. Risks related to nature are particularly important for production activities that rely heavily on natural processes such as farming or retail trade. Micro enterprises that transform inputs into output face

Technological risks. Interpreted broadly, this includes a wide range of micro enterprises. Whenever an entrepreneur incorporates a new process into the enterprise, there may be a chance for loss. For example the computer centre at Pachalur manned by the group members could not run the centre profitably due to the absence of uninterrupted power supply and internet connection and lack of knowledge to operate the computer.. In the case of aracanut plates production, the women were unable to handle the leg machine. They were not strong enough to operate the leg machine. Break down of machine, low voltage of power supply were other risks faced. The possibility of technological risk and inability of entrepreneur to assess the probability of loss led to reluctance to adopt the technology

Strategic risks: Strategic risks relate to the existence of information asymmetries and the tendency of individuals to engage in opportunistic behaviour. An SHG

entrepreneur face strategic risks from business partners, competitors, customers, suppliers, creditors and debtors. Due to lack of institutional safeguards or mutual trust the entrepreneurs incurred significant loss.

Personal risks include crises within the households. A primary example is the illness of a family member which posed risk in two ways. First, illness led to sudden increase in the need for income for medical treatment. Second, if the family member is one of the household's income earner there can be simultaneous drop in household income levels.. In the case of leg fracture due to accident the loss in income earning capacity is permanent. Another source of personal risk is spouse abandonment due to alcoholism.

Another role of risk in household decision making is that household at very low income levels are vulnerable and may suffer extreme consequences in the event of loss.

Sector wise distribution of micro enterprises

Sector wise distribution of the enterprises shows that majority of the members are engaged in non farm related activities (43.18 per cent) compared to farm activities (30.36 per cent) and animal husbandry activities (26.46 per cent).

Fig 5. 7 Sector wise distribution of micro enterprises

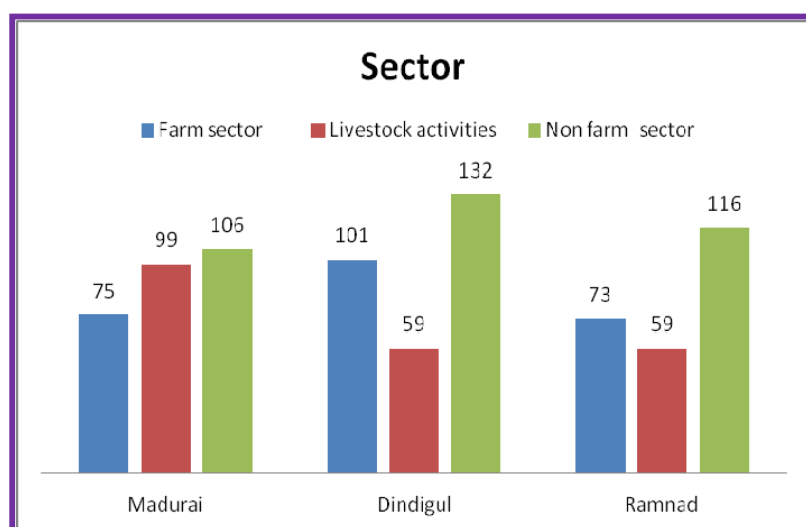


Table 5.16
Sector wise distribution of micro enterprises

Sector	Madurai			Dindigul			Ramnad			Grand total
	Ragam	Master	Total	Sigaram	DMSS	Total	Janasakthi	Kaveri	Total	
Farm sector	27 (16.67)	48 (40.68)	75 (26.79)	25 (22.78)	76 (56.72)	101 (34.59)	19 (12.92)	54 (53.46)	73 (29.43)	249 (30.36)
Livestock activities	62 (38.27)	37 (31.36)	99 (35.36)	40 (30.38)	19 (14.18)	59 (20.21)	49 (33.33)	10 (9.90)	59 (23.79)	217 (26.46)
Non farm sector	73 (35.06)	33 (42.38)	106 (37.86)	93 (46.84)	39 (29.10)	132 (38.70)	79 (53.75)	37 (36.64)	116 (46.78)	354 (43.18)
Total	162 (100)	118 (100)	280 (100)	158 (100)	134 (100)	292 (100)	147 (100)	101 (100)	248 (100)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

Activity wise details of the micro enterprises

The activity wise distribution of micro enterprises is found in the table 5.17, 5.18 and 5.19 .A peculiar feature of the credit for SHGs is based on the dictum that there is no clear cut distinction between consumption and production purpose. The poor households use the credit to meet the household emergencies and to meet the consumption needs. In the case of group members of World Vision such an option does not exist as the borrowers are given only materials in the form of machineries, equipment or raw materials and not cash. In the case of MaThi NGOs the groups get the loan amount from the bank and is equally divided among the members. They deployed the credit proportionately in consumption and production expenses, mostly for expanding the existing enterprises. A lesser percentage of the credit was used for production purpose .

Types of Enterprises: In the course of the study the researcher came across different types of enterprises that could be classified as farm sector, non farm sector, service sector, production and trading based enterprises. These are described in the following paragraphs

Farm and Non farm sector

In spite of the limited capacity to absorb the people leasing of the land for cultivation of lime, corn, vegetables, mango sales, silk cotton trade are popular in the Oddenchatram area of Dindigul district. The non farm sector covers several types of business production and processing, trading and services.

The self employment approach believes in the capacity of individuals to develop and explore opportunities. Self employment also encourages individuals to look beyond the traditional avenue and motivates creativity and the use of local resources and fulfills local needs.

Among the different micro enterprise activities operated by the respondents in the study area seven different activities are identified as most customary and more prevalent – milch animals, goat rearing, crop raising, petty trading, Tiffin centre, vegetable selling, and textile business. To be more specific, results from the study suggests that 26.46 percent of the sample studied are primarily engaged in Livestock management. The fact that majority of the activities involve in sale of either goods and services make them commercial than production oriented in nature. On the other hand, 14.63 per cent of the activities of the respondents in the sample comprise of consumer services such as tailoring, cycle repairing, water services, catering services, ICT services, readymade garments, Xerox centres etc. It is found that there is heavy concentration of respondents in petty trading activities. The reason for women's concentration of women in trading could be the limited financial and human capital requirements involved to set up a commercial activity. Setting up a commercial activity requires neither training nor apprenticeship making entry into such activities relatively cheaper than production activities where time and money is spent on training and apprenticeship. Although other service activities like restaurants

may also need smaller startup capital, this activity involves more labour input and time and therefore may involve more wages.

Table 5.17
Activity wise Distribution of the respondents – Agriculture

Agriculture	Madurai		Dindigul		Ramand		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Lease land (maize,cotton,coconut, drum stick, lemon, banana,beans)	18 (66.67)	29 (60.42)	21 (84.00)	71 (93.43)	4 (21.05)	11 (20.37)	154 (58.33)
Saplings, nursery	2 (7.41)	–	4 (16.00)	–	–	–	6 (2.18)
Paddy cultivation	7 (25.92)	19 (39.58)	–	5 (7.32)	15 (78.95)	43 (79.63)	89 (32.36)
Total	27 100	48 100	25 100	76 100	19 100	54 100	249 100)

Source: Field data

Figures within parenthesis indicate percentages

Among the 820 SHG entrepreneurs, about one third (30.36 per cent) of the members utilized the loan for agricultural purposes such as cultivation of paddy, cotton, onion, drumstick, banana and also for raising nursery. The proportion of respondents engaged in agriculture especially in rain fed agriculture is found more in Dindigul district compared to Madurai and Ramanathapuram. It is found that majority (58.33 per cent) of the farmers were engaged in lease land cultivation. Lease land cultivation is found more in Dindigul district compared to other districts.

Table 5.18

Activity wise Distribution of the respondents - Animal Husbandry

Animal husbandry	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Mild Animal (buffalo/cow)	50 (80.65)	25 (67.57)	33 82.50	10 (52.63)	31 (63.27)	8 (80.00)	157 (72.35)
Goat	12 (19.35)	12 (32.43)	7 (17.50)	9 (47.37)	18 (36.73)	2 (20.00)	60 (27.65)
Total	62 100	37 100	40 100	19 100	49 100	10 100	217

Source: Field data

Figures within parenthesis indicate percentages

Among the 820 SHG entrepreneurs, more than one fourth (26.46 per cent) of the respondents were engaged in livestock activities out of which majority (72.35 per cent) of them depended on milch animals for their livelihoods. Details on milk cooperatives such as Koonuthampatti at Madurai, Vellore in Dindigul and Naripiaur in Ramanthapuram are the successful cases of milk cooperatives in study area.

Table 5.19

Activity wise Distribution of the respondents - Service sector

Service sector	Madurai		Dindigul		Ramand		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Tailoring	10 (35.71)	6 (66.67)	15 (53.57)	16 (80.00)	14 (60.86)	10 (83.33)	71 (59.17)
Tiffin centre	5 (17.87)	3 (33.33)	—	4 (20.00)	4 (17.39)	2 (16.67)	18 (15.00)
ICT centre	7 (25.00)	—	7 (25.00)	—	5 (21.75)	—	19 (15.83)
RO unit	6 (21.42)	—	6 (21.43)	—	—	—	12 (10.00)
Total	28	9	28	20	23	12	120

Source: Field data , Figures within parenthesis indicate percentages

The table 5.19 projects the view that about 14.63 per cent of the total respondents were engaged in service sector. Among them majority of them (59.17 per cent) were running tailoring units at home without affecting their domestic chores followed by computer centres (15.83 per cent). It is found that innovative enterprises such as computers and RO units were run only by the members under the guidance of federation in Madurai and Dindigul districts.

Table 5.20
Activity wise Distribution of the respondents – production and business (Non Farm sector)

Activities	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakhi	Kaveri	
Fish sale/ dry fish	—	—	-	—	6 (10.71)	4 (16.00)	10 (4.27)
Charcoal	4 (8.89)	5 (20.83)	2 (3.08)	3 (15.79)	6 (10.71)	4 (16.00)	24 (10.26)
Concrete mixture	—	—	4 (6.16)	—	—	—	4 (1.71)
Areca nut plates	—	—	5 (7.71)	—	—	—	5 (2.34)
Garments	5 (11.11)	5 (20.83)	3 (4.62)	4 (21.05)	3 (5.36)	—	20 (8.55)
Brick making	8 (17.77)	4 (16.68)	—	—	—	3 (12.00)	15 (6.41)
Petty shop	2 (4.44)	2 (8.33)	3 (4.62)	—	4 (7.14)	3 (12.00)	14 (5.98)
Palm Candy	-	-	-	-	7 (12.50)	8 (32.00)	15 (6.41)
Vessel rental	3 (6.66)	1 (4.17)	3 (4.62)	3 (15.79)	6 (10.71)	—	16 (6.84)
Grocery shop	5 (11.12)	1 (4.17)	4 (6.15)	2 (10.53)	7 (12.50)	2 (8.00)	21 (8.97)
Cattle feed sales unit	6 (13.34)	2 (8.33)	4 (6.15)	1 (5.26)	7 (12.50)	—	20 (8.55)
Rice shop	6 (13.34)	2 (8.33)	4 (6.15)	1 (5.26)	5 (8.93)	—	18 (7.69)
Plastic/aluminium vessel sales	2 (4.45)	—	3 (4.61)	2 (10.53)	1 (1.78)	—	8 (3.42)
Hollow block sales	—	—	4 (6.15)	—	—	—	4 (1.71)
Coconut drying	—	—	5 (7.69)	—	—	—	5 (2.14)
Cycle repairing	—	—	-	—	—	—	—
Drum playing	—	—	4	—	—	—	4

			(6.15)				(1.71)
Paper cup production	–	–	4 (6.15)	–	–	–	4 (1.71)
Sweet making	–	2 (8.33)	3 (4.61)	1 (5.26)	1 (1.78)	–	7 (2.99)
Xerox	4 (8.88)	–	4 (6.15)	2 (10.53)	3 (5.38)	1 (4.00)	14 (5.97)
Candle making	–	–	2 (3.08)	–	–	–	2 (0.85)
Pasi mani artificial ornaments			4 (6.15)				4 (1.70)
	45 (19.23)	24 (10.26)	65 (27.78)	19 (8.12)	56 (23.93)	25 (10.68)	234 (28.54)

Source: Field data

Figures within parenthesis indicate percentages

It is found vide table 5.20 that 28.54 per cent of the respondents were engaged in production and business activities in the study areas. The SHGs of Sigaram federation under the guidance of World vision has succeeded in promoting more number of non farm activities availing micro finance followed by Janasakthi in Ramanathapuram and Ragam in Madurai. Sigaram federation was unique in promotion of innovative activities. Socially excluded people such as ‘gypsy community’ were given financial assistance for carrying out the artificial jewellery activities in Dindigul district. These members successfully carried out their activities, traveling to different states for marketing ,leaving their children in ‘residential schools’. Need based and demand based activities such as computer centres, concrete mixture machines, reverse osmosis water distribution activities were rightly identified . In Ramanathapuram, resource based activities such as charcoal making, red chilly business, dry fish sales and palm candy were more prominent.

Initial investment on enterprises

Considering the size of women’s enterprises in terms of capital, it is obvious that enterprises in the sample are micro scale in nature with small initial capital as shown in table 5.21. About 41.46 per cent of the respondents had a start up capital of less than Rs.5000. Majority of the respondents invested capital ranging from Rs.5001-10000 . Only 6.22 per cent of the respondents invested more than Rs.10000/-

Almost all the SHG members expressed their inability to determine the working capital of the activity raising the flaws of weaknesses of entrepreneurship. This also affirms lack of knowledge in business management and book keeping as obstacles in determining and recording changes in sales, business output and general profit maximizing potential of micro enterprise activities

Table 5.21

Initial investment on enterprises

Amount in Rupee	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
<5000	31 (19.14)	71 (60.16)	22 (13.92)	93 (69.41)	49 (33.34)	74 (73.27)	340 (41.46)
5001- 10000	111 (68.51)	47 (39.84)	116 (73.42)	41 (30.59)	87 (59.18)	27 (26.73)	429 (52.32)
10001- 15000	20 (12.35)	—	10 (6.33)	—	8 (5.44)	—	38 (4.64)
15001- 20000	—	—	10 (6.33)	—	3 (2.04)	—	13 (1.58)
Total	162 (100)	118 100	158 100	134 100)	147 100)	101 100)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

Table 5.22

Involvement of Family members in business

Yes/No	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Yes	154 (95.06)	103 (87.28)	131 (82.91)	122 (91.04)	139 (94.55)	92 (91.09)	741 (90.37)
No	8 (4.94)	15 (12.71)	27 (17.09)	12 (8.96)	8 (5.45)	9 (8.91)	79 (9.63)
Total	162	118	158	134	147	101	820

Source: Field data

Figures within parenthesis indicate percentages

Generally different kinds of situation were found at home when women set forth to start economic activities. It is found in the study area that there is overwhelming involvement of the family members and extended their support in all possible ways to carry out the livelihood venture. Brick kiln, hollow block production, concrete mixture activity, artificial jewellery making are examples of family supported activities.

Single Vs Multiple activities

It is important to understand why low income households tend to engage in multiple activities. There are four principal motivations for the members to engage in multiple activities

- The household may not be able to obtain level of income by devoting all of its resources to a single activity. In other words, there may not be a single activity that can productively and profitably employ all the resources and generate sufficient income to meet the consumption needs of household members
- Since many production activities are seasonal in nature the household may need to undertake a number of activities in order to spread more evenly over the years.
- Another factor for engaging in multiple activities is the household's need to diversify its income sources as a strategy for dealing with risk. The chance of sizeable loss of income from any one production activity represents a threat to livelihood security of the households. Where insurance is absent this risk must be borne privately. Households use diversification strategy for dealing with risk.

Generally the rural poor engage themselves in a variety of small livelihood activities. For example, a poor household may have a piece of land wherein he/she may raise vegetable crop, may have one or two cows or poultry birds. They may be involved on vending farm products in nearby markets to diversify their income stream to reduce their income uncertainties and to earn additional income during the lean season. As money is fungible the poor households use the money interchangeably for both production and consumption purposes according to the needs of household

members. It is found that when they invest the amount in enterprises, some of them spread it over multiple activities as a risk mitigation measure for example from a loan of Rs.20,000, a member may purchase a grinder for Rs.7000 and start a tea shop for Rs.10,000 and Rs.3000 for consumption purposes. Some may go in for different combinations of activities such as grocery shop and telephone booth. Table 5.23 highlights the various strategies adopted by the SHG members by carrying out single or multiple activities

Table 5.23
Single Vs Multiple activities

Particulars	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Single	134 (95.06)	102 (86.44)	123 (77.85)	128 (95.52)	129 (87.75)	92 (91.09)	708 (86.34)
Multiple	28 (17.28)	16 (13.56)	35 (22.15)	6 (4.48)	18 (13.25)	9 (8.91)	112 (13.66)
Total	162 (100)	118 (100)	158 (100)	134 (100)	147 (100)	101 (100)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

On the whole it is observed that majority (86.34 per cent) of the members in the study area is engaged in single activities as against 13.66 per cent of the members running multiple activities. The investment in multiple activities is more in Madurai district. To offset the fall in income during the drought season, to reduce the risk in cases of failure of an activity and to take advantage of favourable seasonal factors, the SHGs in coastal areas of Ramanathapuram resorted to multiple activities. For instance a few members are involved in palm products manufacturing like baskets, hats as well as in charcoal making.

Fig 5.8 Single Vs Multiple activities

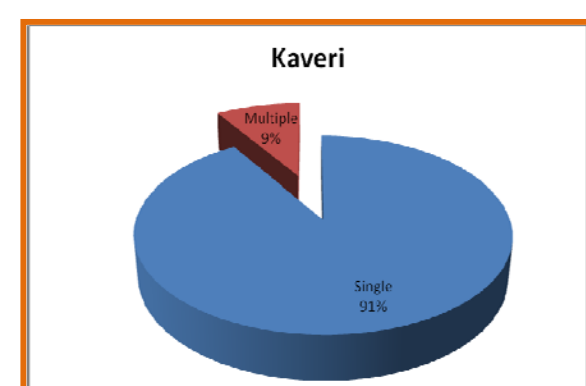
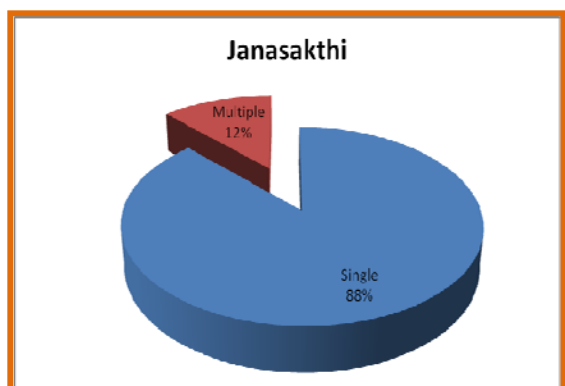
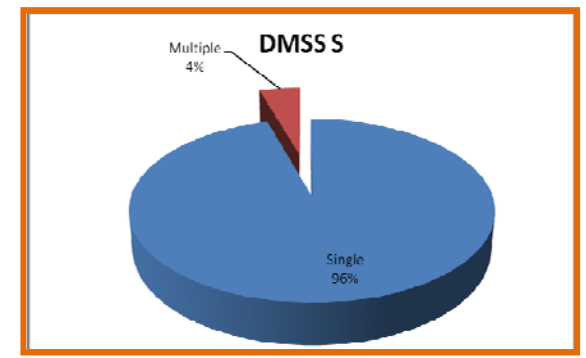
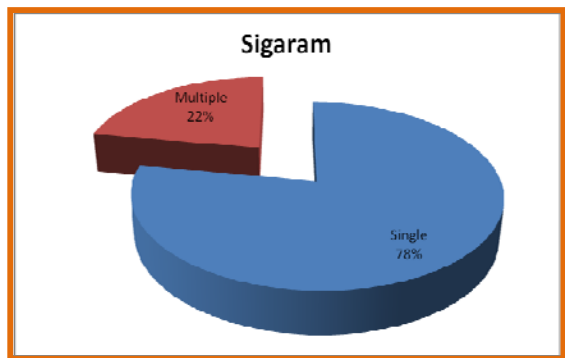
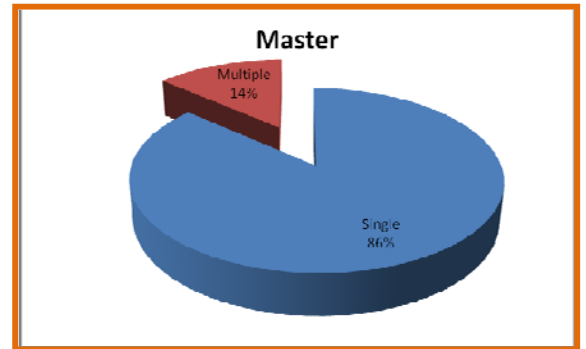
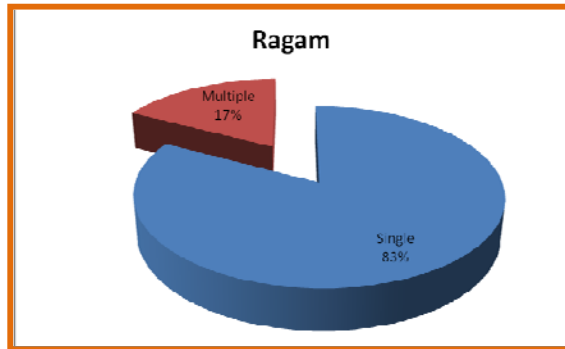


Table 5.24 shows the district wise distribution of respondents according to their investment in existing or new enterprises.

Table 5.24
New enterprises Vs Expansion of existing enterprises-District wise

particulars	Dindigul	Madurai	Ramand	Total
New enterprises	150 (51.37)	152 (54.29)	118 (47.58)	420 (51.22)
Expansion of existing enterprises	142 (48.63)	128 (45.71)	130 (52.42)	400 (48.78)
Total	292 (35.61) (100)	280 (34.15) (100)	248 (30.24) (100)	820 (100)

Source: Field data

Note: Figures within parenthesis indicate percentages. Percentages in bold letters indicate column wise percentages

Table 5.24 highlights the fact that among the 820 enterprises included in the study, 35.61 per cent of the micro enterprises are found in Dindigul district as against 34.15 per cent in Madurai district and 30.24 per cent in Ramanathapuram district.

Out of the 820 SHG entrepreneurs, 51.22 per cent of the sample respondents invested the loan amount in starting new micro enterprises which seems to be a good beginning. Among the districts, Dindigul leads in promotion of new units (54.29 per cent) by the SHG members followed by Madurai (51.37 per cent). The training programmes organized by the World Vision to impart income generating skills, to capacitate the members and initiatives, grant assistance of World Vision after feasibility analysis were mainly responsible for starting new units in Oddanchatram, Ambilikai and Pachalur hill areas of Dindigul district.

It is found that the expansion of the existing enterprises (52.42 per cent) out number the newly started units (47.58 per cent), in Ramanathapuram due to established marketing links, traditional skill of the members and involvement of the family members in enterprises such as palm candy preparation, dry fish sales, palm basket production, etc.

An analysis of new vs expansion of activities based on NGOs reveals in all the districts under study, the federations of SHGs formed under the guidance of World Vision have fared better compared to the groups of other NGOs.

Table 5.25
New Vs Expansion of activities – NGO wise

Particulars	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Newly started enterprises	108 (66.67)	44 (37.29)	71 (44.94)	79 (58.96)	64 (43.54)	54 (53.47)	420 (51.22)
Expansion of existing activities	54 (33.33)	74 (62.71)	87 (55.06)	55 (41.04)	83 (56.46)	47 (46.53)	400 (48.78)
Total	162 57.86 (100)	118 42.14 (100)	158 54.11 (100)	134 45.89 (100)	147 59.27 (100)	101 40.73 (100)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

World Vision have promoted more number of enterprises(57.86 per cent, 54.11per cent and 59.27 per cent in Madurai, Dindigul and Ramanathapuram districts respectively) than the MaThi NGOs. .It is found that the new enterprises are found more in the case of groups groomed by Ragam federation and expansion of industries are found in large numbers in the case of . Sigaram and Janasakthi federation.

The percentage of failures are found more among the new enterprises in almost all the districts under study. (vide table 5.26)

Fig 5.9

New Vs Expansion of activities – NGO wise

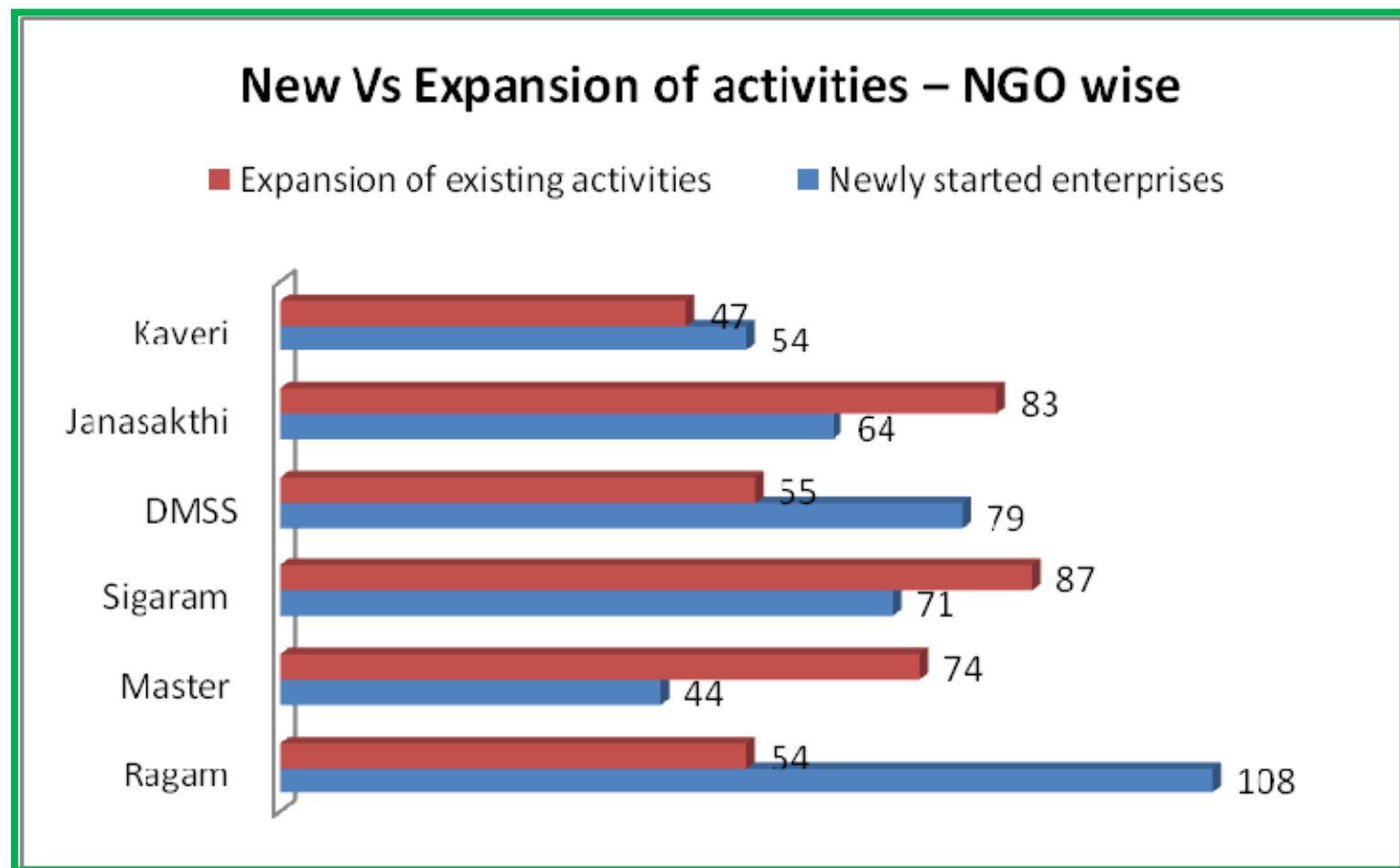


Table 5.26
Profit making – No loss No profit – Loss making units

Dt/NGO	New enterprises				Existing enterprises				Total			
	S	NN	L	T	S	NN	L	T	S	NN	L	T
Madurai	50	35	23	108	35	9	10	54	85	44	33	162
Ragam	(46.30)	(32.40)	(21.30)	(100)	(64.81)	(16.67)	(18.52)	(100)	(52.47)	(27.16)	(20.37)	(100)
Master	16	10	18	44	32	16	26	74	48	26	44	118
	(36.36)	(22.73)	(40.91)	(100)	(43.24)	(21.62)	(35.14)	(100)	(40.68)	(22.03)	(37.29)	(100)
Total	66	45	41	152	67	25	36	128	133	70	77	280
	(43.42)	(29.61)	(26.97)	(100)	(52.34)	(19.53)	(28.13)	(100)	(47.50)	(25.00)	(27.50)	(100)
Dindigul	(42	13	16	71	60	17	10	87	102	30	26	158
Sigaram	59.15)	(18.31)	(22.54)	(100)	(68.97)	(19.54)	(11.49)	(100)	(64.55)	(18.98)	(16.45)	(100)
DMSSS	31	8	40	79	20	24	11	55	51	32	51	134
	(39.24)	(10.13)	(50.63)	(100)	(36.36)	(43.64)	(20.00)	(100)	(38.05)	(23.88)	(38.05)	(100)
Total	73	21	56	150	80	41	21	142	153	62	77	292
	(48.67)	(14.00)	(37.33)	(100)	(56.34)	(28.7)	(14.79)	(100)	(52.40)	(21.23)	(26.37)	(100)
Ramand	30	18	16	64	46	22	15	83	76	40	31	147
JanSakti	(46.88)	(28.13)	(25.00)	(100)	(55.42)	(26.51)	(18.07)	(100)	(51.70)	(27.21)	(21.08)	(100)
Kaveri	14	15	25	54	18	15	14	47	32	30	39	101
	(25.93)	(27.78)	(46.30)	(100)	(38.30)	(31.91)	(29.79)	(100)	(31.68)	(29.70)	(38.62)	(100)
Total	44	33	41	118	64	37	29	130	108	70	70	248
	(37.29)	(27.97)	(34.74)	(100)	(49.23)	(28.46)	(22.30)	(100)	(43.54)	(28.23)	(28.23)	(100)
G.total	183	99	138	420	211	103	86	400	394	202	224	820
	(43.57)	(23.57)	(32.86)	(100)	(52.75)	(25.75)	(21.50)	(100)	(48.05)	(24.63)	(27.32)	(100)

Source: field data

Note : S-Success units, NN-no loss no profit, L loss making units and closed units

Figures within parenthesis indicate percentages

On the whole the loss making units accounted for 27.32 percent of the total units in the study area and 24.63 per cent of the enterprises were under 'no-loss no profit condition'. As such income effect in the case of 51.95 per cent of the units was nil in the study area. Profit could be generated in the case of 48.05 per cent of the enterprises. District wise comparison reveals that the failure units were comparatively high in Ramanatha puram district. SHPI wise comparison reveals that failure cases were found more in the case of the groups who belong to the NGO (KAVERI) in Ramanathapuram.

District wise analysis reveals that successful units are found more in Dindigul district (64.55 per cent) as against 50.71 per cent in Madurai district and 43.54 per cent in Ramanathapuram districts

SHPI wise analysis shows that successful units are found under groups guided by Sigaram federation (64.55 per cent) in Dindigul followed by the groups of Ragam federation in Madurai (47.50 per cent). These units owe their success to the guidance financial assistance provided by the World Vision India.

In all the districts under study the federation groups have fared better than the groups of MaThi NGOs as found vide table

The main reason for the success of 51.95 percent of units in the study areas were as follows:

- the handholding approach of Self Help Promoting Institution
- right identification of opportunities
- market based activities and involvement of the members in the business
- The groups ploughed back 40 to 60 per cent of their profit for business promotion
- The skill training and accounts and book keeping training which the group members underwent was another key factor for the success
- Majority of the successful units expanded the existing units as they had assured market for their products

- About 32 per cent of the successful members diversified their livelihood activities keeping in pace with the changing demand

Sector wise distribution of units based on profitability

Profitability of the activities differs from sector to sector depending upon the demand for the products, infrastructure availability and strategies followed by the SHG entrepreneurs. Sector wise performance of the enterprises in Madurai reveals that units engaged in dairy activities (34.58 per cent) followed by and agriculture activities (30.83 per cent) and then production activities such as brick making, charcoal making and sweet preparation activities were able to reap profit (27.08 per cent)

Table 5.27

Sector wise distribution of units based on profitability – Madurai

Sector	Profit making units	No loss no profit	Loss making units	Total
Agriculture	41 (30.83)	16 (12.03)	18 (33.90)	75 (26.78)
Animal husbandry	46 (34.58)	40 (25.42)	13 (14.77)	99 (35.36)
Production	10 (7.51)	8 (13.56)	11 (12.50)	29 (10.36)
Service	16 (12.03)	9 (15.25)	12 (13.64)	37 (13.21)
Business	20 (15.05)	7 (11.87)	13 (14.77)	40 (14.29)
Total	133 (100)	70 (100)	77 (100)	280 (100)

Source: Field data

Figures within parenthesis indicate percentages

Table 5..28

Sector wise distribution of units based on profitability – Dindigul

Sector	Profit making units	No loss no profit	Loss making units	Total
Agriculture	38 (27.34)	29 (47.54)	34 (36.96)	101 (34.59)
Animal husbandry	45 (29.41)	12 (19.67)	2 (1.31)	59 (20.20)
Production	11 (7.91)	3 (4.92)	6 (6.52)	20 (6.85)
Service	29 (20.86)	2 (3.28)	17 (18.48)	48 (16.44)
Business	30 (21.59)	15 (24.59)	19 (20.65)	64 (21.92)
Total	153 (100)	61 (100)	78 (100)	292 (100)

Source: Field data

Figures within parenthesis indicate percentages

In Dindigul profit yielding enterprises were more in the case of SHG entrepreneurs pursuing business activities such as cattle feed business, artificial jewellery, rice business (50.36 per cent) followed by animal husbandry activities (29.41 per cent) and agriculture activity (27.34 per cent)

Table 5.29

Sector wise distribution of units based on profitability – Ramanathapuram

Sector	Profit making units	No loss no profit	Loss making units	Total
Agriculture	37 (34.26)	16 (22.22)	20 (29.41)	73 (29.43)
Animal husbandry	32 (29.63)	12 (16.67)	15 (22.06)	59 (23.79)
Production	12 (11.11)	2 (2.78)	7 (10.29)	21 (8.47)
Service	12 (11.11)	12 (16.67)	11 (16.18)	35 (14.12)
Business	15 (13.89)	30 (41.66)	15 (22.06)	60 (24.19)
Total	108 (100)	72 (100)	68 (100)	248 (100)

Source: Field data

Figures within parenthesis indicate percentages

In the case of Ramanathapuram district, Profit making units were found more in the case of Production , business and services units (36.11 per cent) followed by Agriculture (34.26 per cent) and animal husbandry activities (29.63 per cent) and service activities (31.81 per cent) Loss making units are found more in the case of

On the whole 52.47 per cent of the respondents in Dindigul could realize profits as against 47.50per cent in Madurai district and 43.54 per cent in Ramanathapuram. (vide tables 5.15, 5.16,5.17). As agricultural is a losing proposition in all the districts the intensity of loss differs from district to district

In Dindigul profit yielding enterprises were more in the case of SHG entrepreneurs pursuing business activities such as cattle feed business, artificial jewellery, rice

business ((50.36 per cent) followed by animal husbandry activities (27.34 per cent) and agriculture activity (29.41 per cent)

Hypothesis:

The sector wise micro enterprise units from different districts do not differ in their profitability

The study has employed Anova test for assessing the variation among different districts in respect of profitability. The results of the Anova test are given below:

The null hypothesis was tested and found that there is significant variation among the three districts in respect of profitability scores. The result led to the rejection of null hypothesis as the calculated F value is higher than the corresponding tabl values.

Table: 5.30

Profitability of the enterprises – all districts

	Sum of squares	Df	Mean square	F	Sig.
Between groups	2563.226	35	73.235	71.926	.01
Within groups	1678.001	1648	1.018		
Total	4241.227	1683			

Thus it can be concluded that based on data in table 5.26 that there is difference in profitability level among the micro enterprises of different districts under study. The field level observations reveal that profits of enterprises in different districts vary depending upon the NGO initiatives, supportive institutional factors, willingness and initiatives of the members and the availability of resources

Group Vs Individual enterprises

One of the common strategies for improving the livelihoods of poor people is to encourage the formation of groups to undertake certain activities such as small scale processing to add value or bulk purchase and retailing of inputs.

Groups may also start completely new enterprises which may be an attractive option for the members who may not have the confidence or capital to start something by themselves. Working together enhances the availability of larger amount of cash for the enterprise and the distribution of risk. A collective venture that could break the cycle of poverty is a more fruitful attempt than what an individual effort could achieve. In this perspective, however the SHPIs in identifying the activities ,availability of credit, supply of raw materials, selection of machineries, appropriate technology, quality control and procurement of orders have a vital role to play. The group approach has also a marked advantage in procuring raw materials at low cost and its capability to exclude middlemen in the search for markets by means of establishing network for expansion of markets through SHG federation.

The group activities offer scope for purchase of raw materials in bulk at a cheaper rate, market the produce at a better price and to take advantage of the economies of scale. Notwithstanding the advantages, the group enterprises are found less in the study area as found in table. 5.31. It is found that 17.93 per cent of the members were engaged in group activities and 82.07 percentage of SHG entrepreneurs invested their funds only in individual activities. It is because , groups open up a lot of problems in sharing of work among the members, decision making and profit sharing . Some of the case studies in the study area reveal that group enterprises are not easy to manage and they should not be embarked upon easily. A group enterprise is a business undertaking and should be planned carefully. Ideas should be fully researched and investigated and estimates made of about start –up costs and working capital requirements as well potential profit. Livelihood enterprises involving investments in fixed assets may need medium or long term loans in addition to short term working capital loans. They also need an account in which to deposit and manage the enterprise cash flow.

District wise findings reveal that Dindigul district is more successful in initiating group enterprises (25.34 per cent) than Madurai district(15 per cent) and Ramanathapuram (21 per cent) district. The SHPI wise the beneficiaries of Sigaram , in Dindigul district has initiated more number of group enterprises.The group enterprises are conspicuous by absence in the case of Master,in Madurai and Kaveri in Ramnad

In the case of Ragam, Sigaram and Janasakthi where the federation has the control, a few of the group enterprises are found successful. The rice business in Muthunayakanpatti grocery shop in Ambilikai, renting of cement mixture machine, vessel renting business, cattle feed shop, milk societies (Dindigul district) stand as examples of successful group ventures. The milk producer groups carried out a range of activities: milk collection, milk processing, marketing of milk, organizing the supply of animal feed etc.

It is also learnt from the group discussion that the SHG women find it difficult to manage the conflicts that arise from the group enterprises. In the case of members of Master and Kaveri there were no group enterprises. The groups with team building spirit which are united in functioning with transparent record keeping system and rotation of leadership can be expected to reach the required level of maturity to manage the group enterprises.

Table 5.31

Group Vs Individual enterprises

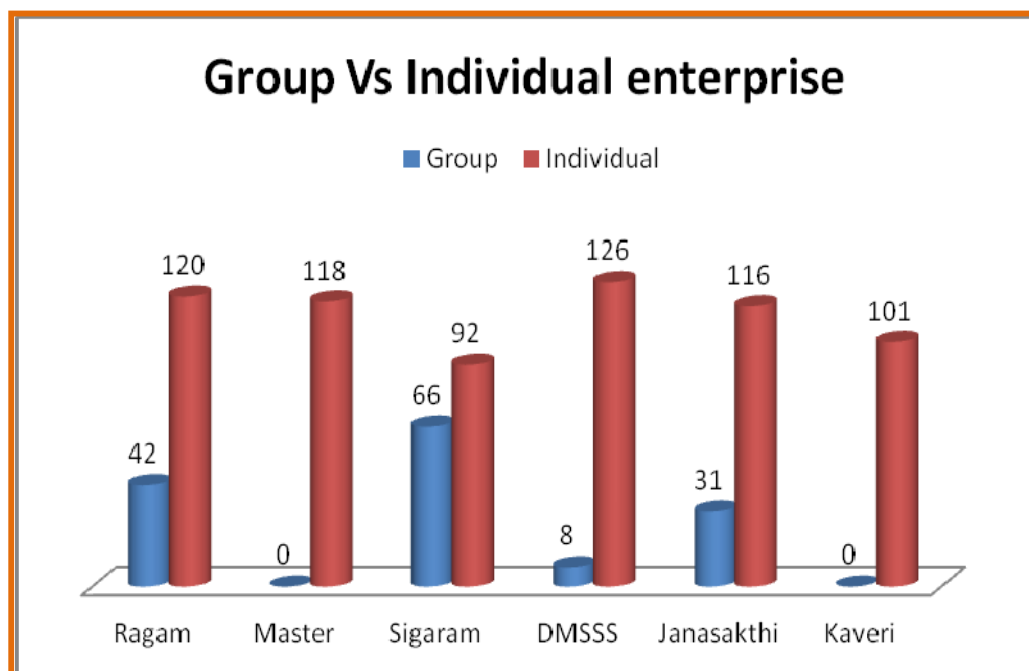
NGO/Federation	Group	Individual	Total
Ragam	42 (25.93)	120 (74.07)	162 (100)
Master	-	118 (100)	118 (100)
Total	42 (15.00)	238 (85.00)	280 (100)
Sigaram	66	92	158

	(40.51)	(59.49)	(100)
DMSSS	8 (5.97)	126 (94.03)	134 (100)
Total	74 25.34)	218 74.66	292 100)
Janasakthi	31 (21.09)	116 (78.91)	147 (100)
Kaveri	-	101 (100)	101 (100)
Total	31 (12.50)	217 87.50)	248 100)
Total	147 (17.93)	673 (82.07)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

Fig 5.10 Group Vs Individual Enterprise



A list of group enterprises in the study area are give vide tables 5.32, 5.33, and 5.34

Table 5.32 Group Livelihood Investment – Dindigul District

S.No	Location	Activity	No of Members	Investment	Training	Success / Failure	net monthly income	Marketing
1	Chinnakulipatti	Aracanut	5	100000	Gandhigram	Success but not sustainable	25000	SHGs/ SHPI
2	Chatraptati	Aracanut	10	200000	WVI	Success but not sustainable	40000	Karur, Karaikudi
3	Komalipatti	Land Lease	10	200000	KVK	Success but not sustainable	30000	Local
4	Veeralapatti	Cattle Feed	15	300000	WVI	Success	50000	Local
5	Chatrapatti	Paper cup Making machine	25	500000	JJ Papers, Madurai	Success	25000	Local
6	Narikuravar Colony	Artificial ornaments	15	300000	WVI	Success	30000	Local
7	Devathur	Rice Business	5	100000	WVI	Success but not sustainable	10000	Local
8	Palathukalvai	Coffee Powder making	25	500000	Coffee Board	Failure	2000	Local
9	Pachalur	Computer center	10	200000	WVI	Success	17000	Local
10	Ramapattinam pudur	Vessel rental	10	200000	WVI	Success	10000	Local
11	Annupapatti	Concrete Mixture	5	100000	WVI	Success	25000	Local

12	Palathukalvai	Nursery	10	200000	WVI	Failure	15000	Local
13	Gandhinagar	Milk cooperatives	30	900000	WVI / Aavin	Success	60000	Aavin
14	Cheriayan Nagar	Milk cooperatives	30	900000	WVI / Aavin	Success	60000	Aavin
15	Kethayarumbu	Grocery	10	200000	WVI	Failure	NII	Local
16	Vellore	Grocery	5	100000	DMSSS	Failure	Nil	Local
17	Kollapatti	RO	25	500000	WVI	Success not sustainable	20000	Eureka Forbes
18	Vadipatti	Garment	10	300000	WVI	Success	40000	Local
19	Manchanayakannpatti	Hollow Block	5	100000	WVI	Success	15000	Local

Table 5. 33

Group Livelihood Investment – Madurai District

S.No	Location	Activity	No of Members	Investment	Training	Success / Failure	Annual / net monthly income	Marketing
1	Nothampatti	Rental Vessel	5	100000	SHPI	Success	20000	Local
2	Nothampatti	Table, Chair	10	200000	SHPI	Failure	5000	Local
3	Koonuthampatti	Dairy unit	10	200000	SHPI	Success	25000	Aavin
4	Thuraichampuram Pudur	Cattle Feed	5	100000	SHPI	Success not	20000	Local

S.No	Location	Activity	No of Members	Investment	Training	Success / Failure	Annual / net monthly income	Marketing
						sustainable		
5	Usilampatti	Tailoring Unit	10	200000	SHPI	Success	18000	Local
6	Chekaranurani	Tailoring Unit	10	200000	Federation	Success	20000	Local
7	Usilampatti	Computer Center	5	100000	SHPI	Success	20000	Local
8	Koonuthampatti	Brick kiln	10	200000	SHPI	Success	22000	Local
9	Munandipatti	Tailoring unit	10	200000	SHPI	Success not sustainable	15000	Local
10	Pullanary	Grocery	5	100000	SHPI	Failure	10000	Local

Table 5.34 Group Livelihood Investment – Ramnad District

S.No	Location	Activity	No of Members	Investment	Training	Success / Failure	Annual / net monthly income	Marketing
1	Naripaiur	Dairy Unit	20	4,00,000	Avin	Success	45000	Avin
2	Karisalkulam	Charcoal	10	200000	Govt	Success	25000	Local
3	Peraiur	Charcoal	10	200000	Govt	Success	25000	Local
4	Kothikulam	Vehicle rental	20	400000	WVI	Failure	2000	Local

S.No	Location	Activity	No of Members	Investment	Training	Success / Failure	Annual / net monthly income	Marketing
5	Gandhipuram	Concrete Mixture	5	100000	WVI	Success	25000	Local
6	Naripaiur	Palm Candy	10	200000	WVI	Success	20000	Local
7	Kundunalurpatti	Chilly	10	200000	WVI	Failure	5000	Local
8	Gandhipuram	Tailoring	15	300000	WVI	Success not sustainable	15000	Local
9	Muthukulathur	Grocery	10	200000	WVI	Success not sustainable	15000	Local
10	Ramasampatti	Garment unit	10	200000	WVI	Success not sustainable	10000	Local
11	Muthukulathur	Grinder	5	100000	WVI	Failure	2000	Local
12	Naripaiur	Dry Fish	10	200000	WVI	Success	25000	Local
13	Naripaiur	Fishing Net	5	100000	WVI	Success	25000	Local
14	Muthukulathur	Computer centre	10	200000	WVI	Success	30000	Local

The study shows that there are three categories of SHG women entrepreneurs i.e chance entrepreneurs, forced entrepreneurs and created entrepreneurs. These different categories are based on how their business got started or what are the main reasons or motivation to open their own business

Chance entrepreneurs are those who start a business without any clear goals or plans Their business probably evolved from hobbies to economic enterprises over time. Forced Entrepreneurs are those who were compelled by circumstances (death of the spouse, the family facing financial difficulties) to start a business, their primary motivation hence tend to be financial. Created entrepreneurs are those who are “ located, motivated, encouraged and developed through for instance EDP”.

It is found in the study that only about one fifth of the women were drawn for entrepreneurship by “pull” factors for instance the need for a challenge, the urge to try something on their own and to be independent and to show others that they are capable of doing well in business.

Following factors contributed to the success of group enterprises in the study area

- The activities were demand based
- Resource based were rightly identified
- The members were well trained
- The involvement of the members and encouraging attitude of the cluster coordinators
- Before venturing into the activities , thorough marketing analysis was done

Causes for failure of group enterprises:

- The group members had no knowledge about accounts and they were easily cheated by the staff employed for the purpose
- Lack of power supply and other infrastructural facilities

- Unable to meet the Competition in the market
- Failure to plough back the profit
- Working capital
- Lack of skill to man the machines which resulted in appointment of skilled persons from outside which reduced the profit level
- Credit sales and inability to collect the money
- High transport cost in procuring the raw materials

Reasons for failure – case studies

Chart 5F	Reasons for failure of the activities
Activity	Reasons for failure
Rice business- Chattirapatti	The group could not expand the marketing area. Majority of the customers were only the group members. The credit sales was the main reason for the failure
Aracanut products location-	The raw materials were procured from Athur block of Salem district , located 300 hundred kilometers away from the location of the unit. The high transportation cost of procuring the aracanut leaves and the lack of space to store the stocks, irregular supply of power and frequent power cuts were the main reasons for the failure. Bulk purchase of machineries and raw materials with the loan from the NGO was made and there was shortage of working capital to meet the water and electricity charges. Further there was shortage of labour to work in the unit as the members found it more comfortable to work under NREGS than to work in the aracanut unit where the work is back – breaking and health of women was affected
Paper cup production	The paper cup unit was initially run and managed by the members and labourers were engaged from outside . The

	members did not have the requisite skill to man the machine inspite of the training . As a result the group decided to lease out the shop to an individual from outside the group who had professional skill for Rs.5500 / month.
Grocery – DMSSS	The loan amount released under SHG Bank Linkage programme was divided among the group members equally and the enterprise suffered due to inadequate investment and conflict among the members
Computer centre at Pachalur, Oddanchatram, Muthunayakanpatti, Kallimandhayam, Vadakadu	Each group were sanctioned Rs. 5 lakhs and the equipments-computer, printer, AC machine, generators, Xerox machine, scanning machine, telephone booth, spiral and lamination facilities were installed in a rented building. The groups were able to run the centre successfully and on an average each centre earned a profit of Rs.40,000/- per month. Various types of facilities such as Xerox facilities, computer typing and print outs, scanning facilities, e-ticket booking were available in the centres. But the success could not be sustained due to the following reasons: • The SHG members could not manage the centres due to poor computer knowledge and they had to hire the skilled people for job typing and maintenance of computers • Recurring expenses of the centres increased leaps and bounds due to high electricity bill, maintenance charges, rent for the building etc. The computer staff could not be paid regular salary . Frequent power cuts delayed and affected the quality of service . The centre had to resort to retrenchment, ultimately resulting in closure of the centres. Assets were handed over to the federation.

Grocery shop	A group grocery enterprise started in a place called Kethaiarumbu invested 5 lakhs and purchased provisions, table, chair, racks weighing machines etc. For about sales moved on smoothly and profitably. The group members appointed a person to manage the day to day activities and to write the accounts. • Credit sales increased affecting the cash flow • The cluster coordinator did not have a clear idea about the financial aspects so also the SHG members • The members relaxed and did not supervise the day to day operation effectively • The stocks were not replenished as there was dearth of working capital • The members took the liberty of taking the groceries home without payment.
Land leasing	In the case of land leasing, the NGO handed over the cash to landlords for land leasing by the farmers after executing an agreement.. But the farmers gave commission amount to the landlord and got back the money and divided among themselves. It totally defeated the purpose of group approach to enterprises.

Chart 5G

Categories of entrepreneurs by reasons

Category	Reason/motivation
Chance Entrepreneurs	To keep busy Hobby or special interest Family/spouse had business
Forced Entrepreneurs	Financial need
Created or pulled Entrepreneurs	training by NGOs / Government Challenge to try something on one's own To be independent Self satisfaction Employment to others

Table 5.35
Insurance Particulars of Micro enterprises

Particulars	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Insured	162 (100)	—	158 (100)	—	147 (100)	—	467 (56.96)
Not insured	—	118 (100)	—	134 (100)	—	101 (100)	353 (43.04)
Total	162	118	158	134	147	101	820

Source: Field data

Figures within parenthesis indicate Percentages

Insurance is an important financial service for the poor, given their vulnerability to livelihood risks. Besides the health and life related risks, the risks elated to primary livelihood activities such as agriculture, livestock rearing, micro enterprises, small business activities and service sector are several.

Chart 5H

Overview of the risks faced by the respondents

Sector/occupation	Risks faced	Financial consequences
Agriculture	Yield risk, distress sale, drought, pest outbreak, theft of electric motor	No yield, Low income, indebtedness, migration,
Animal husbandry	Death of animal, stoppage of milk yield, sterile animal, disease, theft of animal	Loss of asset, loss of income
Industry, Service and business	Market failures, poor demand, damage to stock, fire accident	Loss of asset, loss of income

Insurance is one of the strategies to address all these risks. It is observed vide table 5.33 that the coverage of insured group members is quite low. It is found that 43.04 per cent of the members have not insured their enterprises and all of them belong to MaThi groups. Payment of insurance premium is compulsory for all the enterprises and the premium amount is deducted from the loan amount in the case of non MaThi groups. Federations in Madurai, Dindigul and Ramanathapuram have made it compulsory for all the SHG members to insure their enterprises. Link was established with Oriental Insurance company and United India Insurance Company. In the case of animal husbandry loans, 2 per cent of the cost of the animal was deducted for insurance premium.

In order to identify the reasons for low coverage and to analyse the problems faced by the client group, focus group discussion was held in each district.

- Many SHG members were totally unaware of the asset insurance concept.
- Procedural complexity is another problem faced by the members. Document preparation is time consuming, cumbersome and expensive. The opportunity cost of foregone labour is high.

- Majority of the members were unwilling to renew their policies as there is no possibility of getting back the premium amount in case of non occurrence of calamity.
- Another reason lies in the dichotomy of subsidy vs non subsidy loan. While insurance is compulsory for all subsidy loans and loan amount is deducted at the time of disbursement of loan.
- Bitter experience of the peer group members like low amount, inordinate delay in disbursement make the insurance scheme unpopular

Capacity Building of the SHG entrepreneurs

Training and capacity building of SHG entrepreneurs specifically in developing entrepreneurial skills appears to be an important aspect of intervention in the area of backward linkage of micro enterprise development. It is observed that training is more concentrated on financial literacy and management of group dynamics. The SHG members need training on different skills which could help them in running sustainable enterprises. It is reported by 22 percent of the respondents that they took up some activities as IGAs and micro enterprises which were available to them through their experience. However new innovation in terms of process or technology has taken place in these villages are very few in number. Further it was found that members still used obsolete technology for their enterprises making it difficult for them to compete with branded products.

Training:

Training is an investment for human resource development. The NGOs and government organize various types of training with the genuine interest of capacitating the members which are given below:

- Animators and Representative training
- SHG member training
- Entrepreneurship Development Programme Training
- Skill training Programme

- Capacity building organized by the NGOs

Table 5.36 shows the district wise and SHPA wise training details. It is found that federations in all the three districts under study have succeeded in training all the members and animators and representatives where as the NGOs lag behind, the main reason being lack of funds for training. The NGOs under study depend upon the Mahalir Thittam (State Government programme for SHGs) for funds whereas the federations were provided funds by World Vision India for training the members, animators and representatives.

The performance of the NGOs with regard to Entrepreneurship Development Programme is better than federations since the EDP is part of the Mahalir Thittam training for which funds were regularly sanctioned by the State government to the approved NGOs for promotion of entrepreneurship qualities of the SHGs. It was a target based programme.

Skill training programme is found high in the case of federations in all the three districts under study due to the special care taken by the World Vision in improving the vocational skills of the members . Regular contact was established with Krishi Vigyan Kendra and department of Rural Development, Gandhigram Rural Institute and RUDSET for imparting skill to the members. The percentage of respondents undergone training is more in the case of women than men.

Table 5.36
Training undergone by the respondents

Dt/SHPI	Member training		A&R		EDP		Skill training	
	Yes	No	Yes	No	Yes	No	Yes	No
Madurai								
Ragam	162 (100)	-	42 (100)	-	-	-	97 (59.88)	65 (40.12)
Master	35	83	14	16	27	91	24	94

	(29.66)	70.34	46.67	53.33	(22.88)	(77.12)	(20.34)	(79.66)
Dindigul								
Sigaram	158 (100)	-	39 (100)	-	-	-	103 (65.19)	55 (34.81)
DMSSS	34 (25.37)	100 (74.63)	20 60.61	13 (39.39)	47 35.07	87 64.93	43 (32.09)	91 (67.91)
Ramnad								
Janasakthi	147 (100)	-	36 (100)	-	-	-	81 (55.10)	66 (44.90)
Kaveri	21 (20.79)	80 (79.21)	14 (58.33)	10 (41.67)	25 (24.75)	76 (75.25)	20 (19.80)	81 (80.20)

Source:Field data

Figures within parenthesis indicate percentages

It is found that the animators and members of all the groups of federations in Madurai and Dindigul and Ramanathapuram have undergone training where as 70.34 per cent of the members of Master (NGO)in Madurai 74.63 per cent of the members of DMSSS in Dindigul and 79.21 per cent of the members of Kaveri in Ramnad have not undergone the basic member training. Among the leaders also the NGOs in the study area lag behind. However 22.88 per cent, 35.07 per cent and 24.75 per cent of the members of NGOs in Madurai, Dindigul and Ramanathapuram respectively have undergone the Entrepreneurship training imparted by the Mahalir Thittam. The NGOs received funds from Mahalir Thittam office to conduct the EDP training The entrepreneurship training is not provided separately by the federations but it is clubbed with the membership training in the case of federation which belong to Non MaThi category. The performance of Non MaThi groups with regard to skill is better than MaThi groups. In Madurai district 59.88 per cent of the members of federation have undergone skill training as against 40.12 per cent in the case of members of Master. In Dindigul district 65.19 per cent of the members of federation have undergone skill training as against 32.09 per cent in the case of members of DMSSS. It is found that in Ramanathapuram, 55.10 per cent of the members of

federation have undergone skill training as against 19.80 per cent in the case of members of Kaveri

Thus the MaThi groups lag behind the Non MaThi groups with regard to skill training and animators and representatives training. Among the Non MaThi groups also 40.12, 34.81 and 44.90 per cent of members in Madurai, Dindigul and Ramanathapuram districts respectively have not undergone skill training where as among the MaThi groups 79.66, 67.91 and 80.20 per cent of the members in Madurai, Dindigul and Ramanathapuram districts respectively have not undergone skill training.

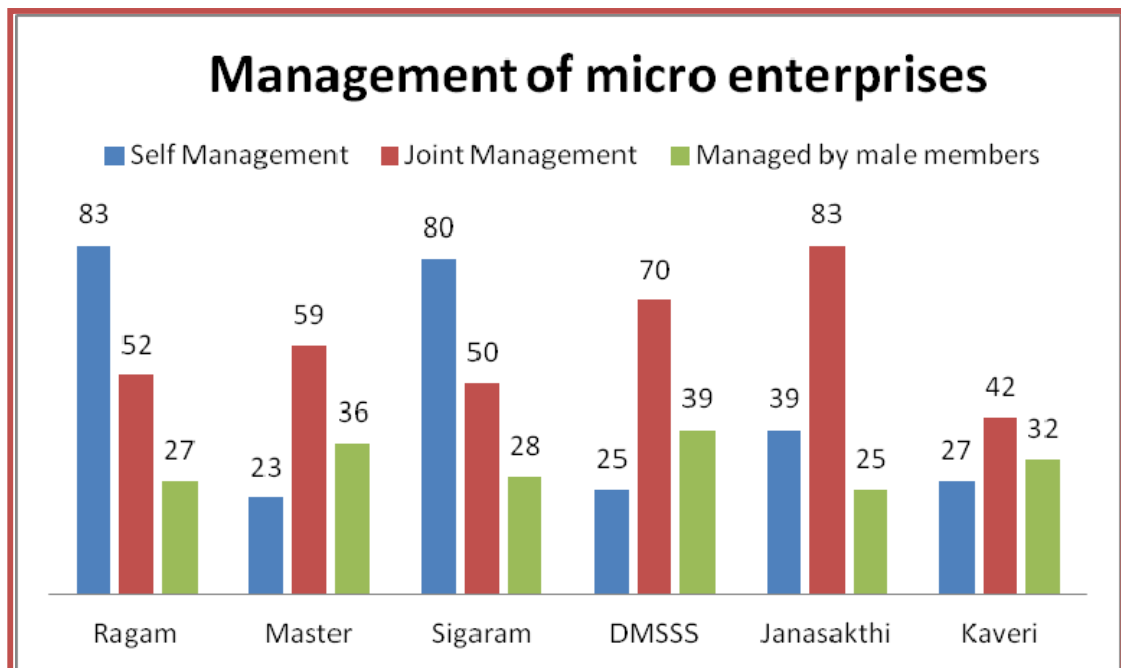
Table 5.37
Management of micro enterprises

District	Madurai		Dindigul		Ramanathapuram		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Self Management	83 (51.23)	23 (19.49)	80 (50.63)	25 (18.66)	39 (26.53)	27 (26.73)	277 (33.78)
Joint Management	52 (32.10)	59 (50.00)	50 (31.65)	70 (52.24)	83 (56.45)	42 (41.58)	356 (43.42)
Managed by male	27 (16.67)	36 (30.51)	28 (17.72)	39 (29.10)	25 (17.01)	32 (31.68)	187 (22.80)
Total	162 (100)	118 (100)	158 (100)	134 (100)	147 (100)	101 (100)	820 (100)

Source: Field data

Figures within parenthesis indicate percentages

Fig 5.11

Management of Micro enterprises

Women's access to micro credit facilities alone cannot alleviate poverty. It often said that the purpose gets served only when they gain control over the end use of the credit. One important question raised in relation to women's empowerment and micro finance is whether women themselves play a role in the management of an enterprise for which they have received micro credit or whether such loans are handed over to a male member of the family

Management of household enterprises means different things in different situations. It may mean any one of the following:

- Women running a business with no support from the male members
- Widows and abandoned women running the business on their own
- Women running her business with passive support by her husband
- Women supplying funds and labour for husband's business
- Joint ownership on running a family business by both
- Wife running her own business with active support from husband
- Husband joining the wife's business after giving up his previous job

Joint management implies involvement of both wife and husband in the enterprise apportioning their activities according to their abilities and skills and sharing the profits. In some cases the male members would like to expand or diversify their enterprises for which the women may help by taking a loan in her name and pass it on to male members but still having control over the properties. In a few other cases, loan pass may involve common pooling of profits as family income. In extreme cases men negotiates the public markets and handle major transactions.. Women tend to depend on male members in these areas and do not develop the relevant knowledge and exposure. Some typical examples are given below:

Chart 5I **Control over the activities**

Type of control	Activities
Full control	Milch animal activities, vessel renting, tailoring, rice shop, candle production
Partial control/joint management	Artificial ornaments, land leasing, brick kiln, copra making, Concrete mixture,
No control	coffee powder preparation. Coffee seed sales, drum players, cattle feed sales, hollow block production

Thus it is not uncommon to find women being only borrowers and not decision makers or end users of credit. In examining who controls or decides the use of loan in the household in the present study, the results shows joint control of about 43.42 per cent, sole female control of 33.78 per cent and sole male control 22.80 per cent of the participants (Table 5.37)

Field level observations reveal that in almost all the districts under study joint management of enterprise is a common phenomenon

Strategies adopted by the SHG federations and the groups of MaThir NGOs differ in their strategies to run micro enterprises which is given below:

Chart 5J

Strategies adopted by SHG Federations / other NGOs

Federation	Other NGOs
A large number of the enterprises are run on group basis	Members run Individual enterprises
Major part of the Investment on micro enterprises is done through financial assistance from NGO	Economic assistance under Government programmes such as SGSY and loan amount under SHG Bank Linkage programme constitute the investment
No cash is given by the NGO to the members- materials necessary for the initiation of enterprises are purchased by the NGO and handed over to the groups	Loan amount is divided among the members
Marketing is in the hands of federation and groups	In addition to individual efforts, Women Development Corporation runs exhibitions to facilitate marketing of the products

The chapter reveals that micro enterprises can become a viable pathway towards sustainable livelihoods only if some basic conditions are made available to rural households. They include the following:

- Availability of or access to a reasonable start-up capital which depending on the nature of the enterprise may comprehend natural (land), human (labour, know-how), financial (savings, credit), physical (infrastructure) and social (cooperative networks) assets
- Some degrees of protection against shocks and negative mind set such as insurance schemes etc
- Supportive structure and processes including enabling policies, business development services, credit, transport and communication infrastructures etc
- Access to a well developed market capable of providing both a steady supply of inputs, food and other consumption commodities and an outlet to enterprise outputs

- Access to marketing information including information on contracting and other vertical integration opportunities and
- Resilience against market failure and capacity to change the enterprise according to changes in demand and market contingencies
- Significant external investments in enhancing access to natural resources, credit, education and training services and infrastructure and fair market outlets are thus needed to make rural enterprises development a viable and effective component of rural livelihood security and poverty alleviation policies.

CHAPTER 6

Impact of Micro Enterprises on Livelihoods

A livelihood is a set of economic activities through a household meets its basic needs and earns some cash income. When carried out on a repetitive basis these tend to become a 'way of life'. The micro credit based micro enterprise programmes of Self Help Groups play a valuable role in reducing the vulnerabilities of the poor through asset creation, employment and income generation, consumption smoothing and empowerment by giving them control over assets and increased self esteem and knowledge,

The poor tend to operate not just with one but with several livelihood activities often switching from one to the other within the same day and also by seasons. Thus they maintain a diversified portfolio of subsistence activities. A marginal farmer may rear livestock, work as a mason, rent out cement mixture machine and so on. Their lives are also hedged around by their personal circumstances – their family situation, health, social status, inheritance, their strength and weaknesses. Their options are governed by the natural environment in which they lives and the developments which have occurred. Microfinance to be fruitful is to be a livelihood finances. The present study shows how a broader approach to livelihood finance will have a bigger impact in reducing poverty.

Creating micro enterprises has increasingly become the mainstay of poor who operate these enterprises for household provisioning and as a means of creating employment for themselves. It is evident that through the running of their micro enterprises women are able to make substantial contributions in sustaining the livelihood of their families.

Microfinance when properly invested in enterprises provides employment and income. In this chapter impact of micro enterprise on the livelihood system of the respondents is analyzed in terms of income, employment, assets, savings, consumption expenditure, borrowing and housing.

Livelihood refers to the set of economic activities involving self employment or wage employment by using one's own endowments both human and material to generate adequate resources for meeting the requirements of self and household on a sustainable basis. Livelihood promotion is about creating environments that will support such activities. It aims at equipping people with assets and opportunities so that their resilience to cope is enhanced and they can meet their basic needs on a sustainable manner

Impact on employment

An attempt is made to gauge that impact of micro enterprise programmes on the employment level of the beneficiaries. The impact falls under two categories – via shift in status of employment and duration of employment. As a result of micro enterprise promotion, some of the SHG members have secured gainful employment (in addition to the invisible employment of the household chores). Some members who were wage labourers convert their status into self employment, thanks to micro credit and micro enterprise promotion. Some of the women beneficiaries who were already self employed could expand duration of employment level as a result of investment of micro credit in the micro enterprises. Thus the study could identify several categories of benefits occurring from micro enterprise to SHG entrepreneurs.

- Those who were home managers before the receipt of micro credit could become managers of business after securing gainful employment through productive investment of micro credit in income generating activities
- Wage labourers who could get self employment status through micro credit financed micro enterprises

- Wage laborers in addition to their wage employment are engaged in small business to augment their family income.
- Those who could secure full employment due to micro enterprise from previous conditions of under employment through the expansion of their self employment activities
- Those experiencing no change in the status of employment in spite of micro credit and initiation of enterprises

Table 6.1
Change in Employment status

Particulars	Madurai	Dindigul	Ramnad	Total
Unemployment to self employment	33 (11.79)	30 (10.27)	24 (9.68)	87 (10.61)
Wage employment to self employment	24 (8.57)	21 (7.19)	13 (5.24)	58 (7.07)
Under employment to full employment	76 (27.14)	102 (34.94)	71 (28.63)	249 (30.37)
No change in employment status	147 (52.50)	139 (47.60)	140 (56.45)	426 (51.95)
Total	280 (100)	292 (100)	248 (100)	820 (100)

Source: Field data

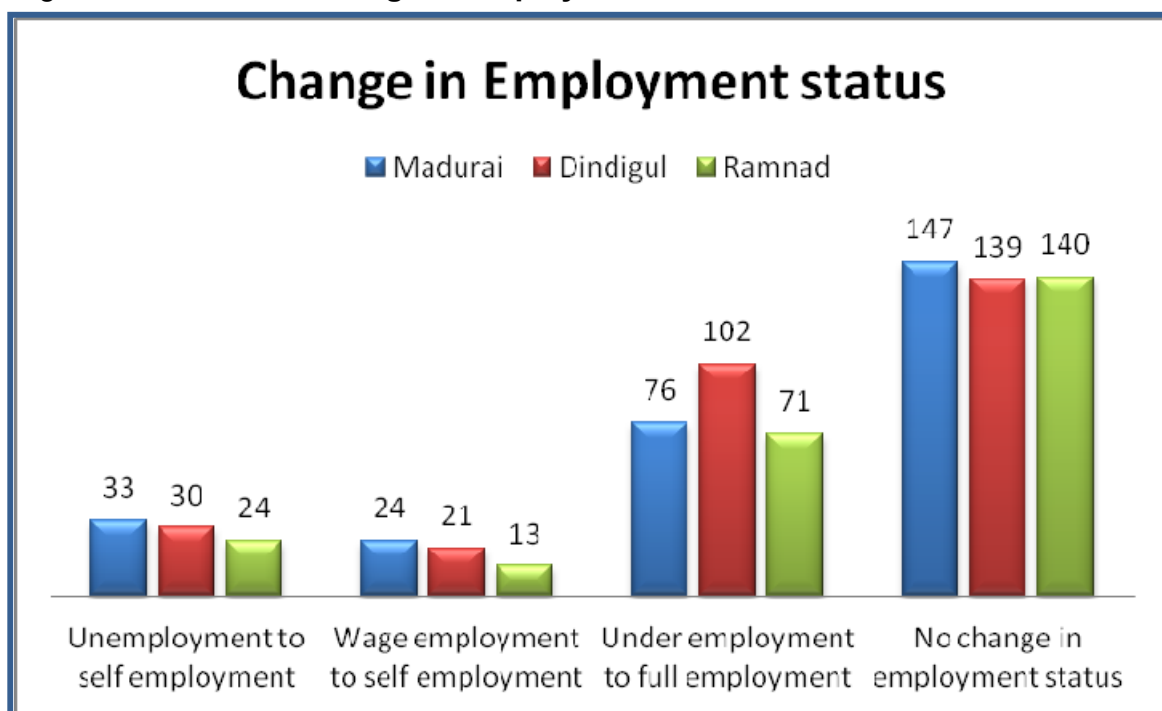
Figures within parenthesis indicate percentages

It may be gathered table 6.1 that micro enterprise programmes have improved the employment conditions of 48.05 percent of SHG entrepreneurs. It means there has been no change in the employment position of 51.95 per cent of the SHG entrepreneurs. This category included misutilization of credit, discontinuance of activities due to death of animals, closure of units due to loss.

Those who were relieved from unemployment by the micro enterprise programme constituted 10.61 percent. The percentage of this category was high in the case of Madurai district (11.79 per cent).

Fig 6.1

Change in Employment Status



It is observed that in the case of 7.07 per cent of members a structural change has occurred in their life through a shift from wage employment to self employment status. Majority of these women of this category are middle aged women ranging from 45 to 55 years. These women have taken up animal husbandry activities as new self employment venture to supplement the family income. It is found that some women were too ambitious to undertake multiple activities and in addition to their work in the farm as labourers, initiated activities like candle making, dairying and calf rearing activities.

The single largest (30.37 per cent) group consist of those who were benefited in terms of duration of employment leading to expansion in activities concerned due to established marketing linkages . The percentage of this category was high (34.94 per cent) in the case of Dindigul district The SHG members engaged in petti shop

activities, catering centres, tailoring , artificial jewellery , retail business, water plant etc. belong to this category.

Impact of duration of employment

In addition to status of employment, unemployment wage employment self employment – the duration of employment is another factor which merits notice. The loan assistance is expected to enhance the duration of employment of SHG entrepreneurs taking them on the road to full employment. The duration of employment is measured in terms of man-days, a man day being 8 hours of work per day for a worker.

In order to get a clear picture of impact of micro enterprise, an attempt has been made to compare the number of man days of employment per annum of SHG entrepreneurs in the pre loan and post loan periods. The analysis is restricted to 394 respondents who could realize profits out of the micro enterprises. An analysis of district wise changes in the duration of employment has been attempted in table 6.2

As unemployment and underemployment are the main factors which force the SHG entrepreneurs to start the enterprises, the person days employed is highly significant. Table 6.2 reveals that percentage of incremental increase in employed days was high in the case of SHG members of Sigaram , in Dindigul district (90.83 per cent) followed by SHG members of Ragam in Madurai (74.17 per cent) and Janasakthi (56.36 per cent) in Ramanathapuram district. Thus the highest improvement in employed days can be found in the case of beneficiaries of federation. The SHG members of other NGOs lag behind with incremental increase of 38.40 percent in the case of DMSSS, 29.09 per cent in the case of Master and 20.41 per cent in the case of Kaveri in Dindigul, Madurai and Ramanathapuram districts respectively.

Paired't' test was used to examine whether there is any significant difference between the person days per month , before and after becoming an entrepreneur. The result shows that the calculated't' value is found to be significant at 1% level of

significance. This implies that there is significant difference in the number of person days employed before and after joining the enterprise.

Table 6.2
Employed days of the respondents during the pre loan and post loan period

District	NGO	Status	Annual average man days employed	Incremental increase in man days	Percentage increase	't' value
Madurai	Ragam	Before	120	89	74.17	34.92**
		After	209			
	Master	Before	110	32	29.09	18.65**
		After	142			
Dindigul	Sigaram	Before	120	109	90.83	41.54**
		After	229			
	DMSS	Before	125	48	38.40	22.90**
		After	173			
Ramand	Janasak thi	Before	110	62	56.36	29.92**
		After	172			
	Kaveri	Before	98	20.00	20.41	10.90*
		After	118			

** significant at 1% level * significant at 1% level

Impact on income:

Monthly income of the 394 respondents who could get an incremental income out of the micro enterprises was analyzed to ascertain whether there is any significant improvement in the income after joining the enterprises. To ascertain the change in income a comparison was made between the annual income before and after starting the enterprise.

Table 6.3
Impact on annual Income of the beneficiaries

District	NGO	Status	Monthly income		Percentage difference	't' value
Madurai	Ragam	Before	3083	2434	78.95	32.90**
		After	5517			
	Master	Before	3173	908	28.62	17.95**
		After	4081			
Dindigul	Sigaram	Before	3537	3987	112.72	38.97**
		After	7524			
	DMSS	Before	3411	990	29.02	18.60**
		After	4401			
Ramand	Janasakthi	Before	3762	2248	59.76	29.98**
		After	6010			
	Kaveri	Before	2837	751	26.47	20.60**
		After	3588			

** significant at 1% level

The table reveals the monthly average income of the beneficiaries of Ragam (SHG federation) in Madurai district was Rs.3083 which increased to Rs.5517 after starting/ expanding the enterprise, an increase of 78.95 per cent. The beneficiaries of MASTER experienced an increase of 28.62 per cent during the post microfinance period through their micro enterprises. In Dindigul district the percentage increase was 112.72 per cent for the beneficiaries of the federation 'SIGARAM'. The highest percentage of increase in the income was found in the case of beneficiaries of Sigaram in Dindigul district and the lowest for the beneficiaries of Kaveri in Ramanathapuram.

Paired't' test shows that the computed't' values is significant at 1 % level of significance for all categories. This indicates significant difference in the monthly income of the beneficiary before and after joining the enterprise

Expenditure Pattern

Expenditure pattern reflects the standard of living of the people. For the purpose of this study expenditure is classified under six heads viz., housing, construction of work shed, food, education, reinvestment, diversification of enterprises, clearance of debt, purchase of jewellery and fixed deposit

Table 6.4
Expenditure pattern for livelihood improvement

Assets	Madurai		Dindigul		Ramnad		Total
	Ragam	Master	Sigaram	DMSS	Janasakthi	Kaveri	
Improvement Housing	42 (49.41)	36 (51.43)	78 (76.47)	36 (43.37)	35 (46.05)	18 (26.08)	245 (62.18)
Construction/ extension of workshed	6 (7.06)	—	5 (4.90)	—	6 (7.89)	—	17 (4.31)
Children's education	81 (95.29)	36 (51.43)	71 (69.60)	36 (43.37)	55 (72.36)	19 (27.53)	298 (75.63)
Food, Nutrition care	26 (30.59)	10 (22.85)	53 (51.96)	18 (21.68)	46 (60.53)	—	153 (38.83)
Reinvested in business	18 (21.18)	4 (5.71)	36 (35.29)	9 (10.84)	24 (31.58)	4 (5.79)	95 24.11
Diversification of new enterprises	26 (30.59)	- ()	38 (37.25)	—	5 (6.58)	—	69 17.51
Clear old debts	18 (21.17)	35 (50.00)	22 (21.57)	46 (53.42)	12 (15.78)	14 (19.71)	147 37.31
Jewellery purchase	5 (5.88)	12 (15.58)	6 (5.88)	16 (28.57)	29 (38.16)	44 (63.76)	112 28.43
Fixed deposit	14 (16.47)	6 (8.57)	23 (22.55)	4 (4.82)	15 (19.73)	—	62 15.74

No improvement	77 47.53	70 59.32	56 35.44	83 61.94	71 48.30	69 68.32	426 51.95
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Source: Field data

Figures within parenthesis indicate percentages

A change in the expenditure pattern of the members is observed in the case of 48.05 per cent of the respondents which means that there is no change in the case of 51.95 per cent of the borrowers.

It is observed that education of the children got priority in the expenditure of the 75.63 per cent of the members followed by improvement in housing (62.18 per cent) and food and nutrition (38.83 per cent)

It is also observed that 37.31 per cent of the members have utilized the amount for clearance of old debt.

Improvement in housing

Housing is one of the basic requirements of human survival. Even though nearly all the respondents had their own house, the quality and size were mostly poor and small. Prior to initiating their micro enterprises, the houses of majority of the respondents were in a bad condition, made of mud and in some cases partly of brick with tiles roof. However by the time of data collection, majority had semi-pucca houses. Out of the 394 successful SHG entrepreneurs in the study area, 289 members (73.35 per cent) carried out improvements in their housing. The improvements were in the following form:

- Prior to micro enterprise situation 119 members lived in thatched houses which got reduced to 30 after the micro enterprise stage i.e a reduction of 74.79 per cent.
- The percentage of tiled houses increased from 54.57 per cent to 70.30 percent

- The percentage of pucca houses increased from 7.11 per cent of the beneficiaries to 12.94 per cent after initiating micro enterprise
- The owners of 'group houses' who constructed their houses under Indira Awaaz Yojana (centrally sponsored housing programme) built additional rooms and thus extended their houses

Fig 6.2

Impact on Housing

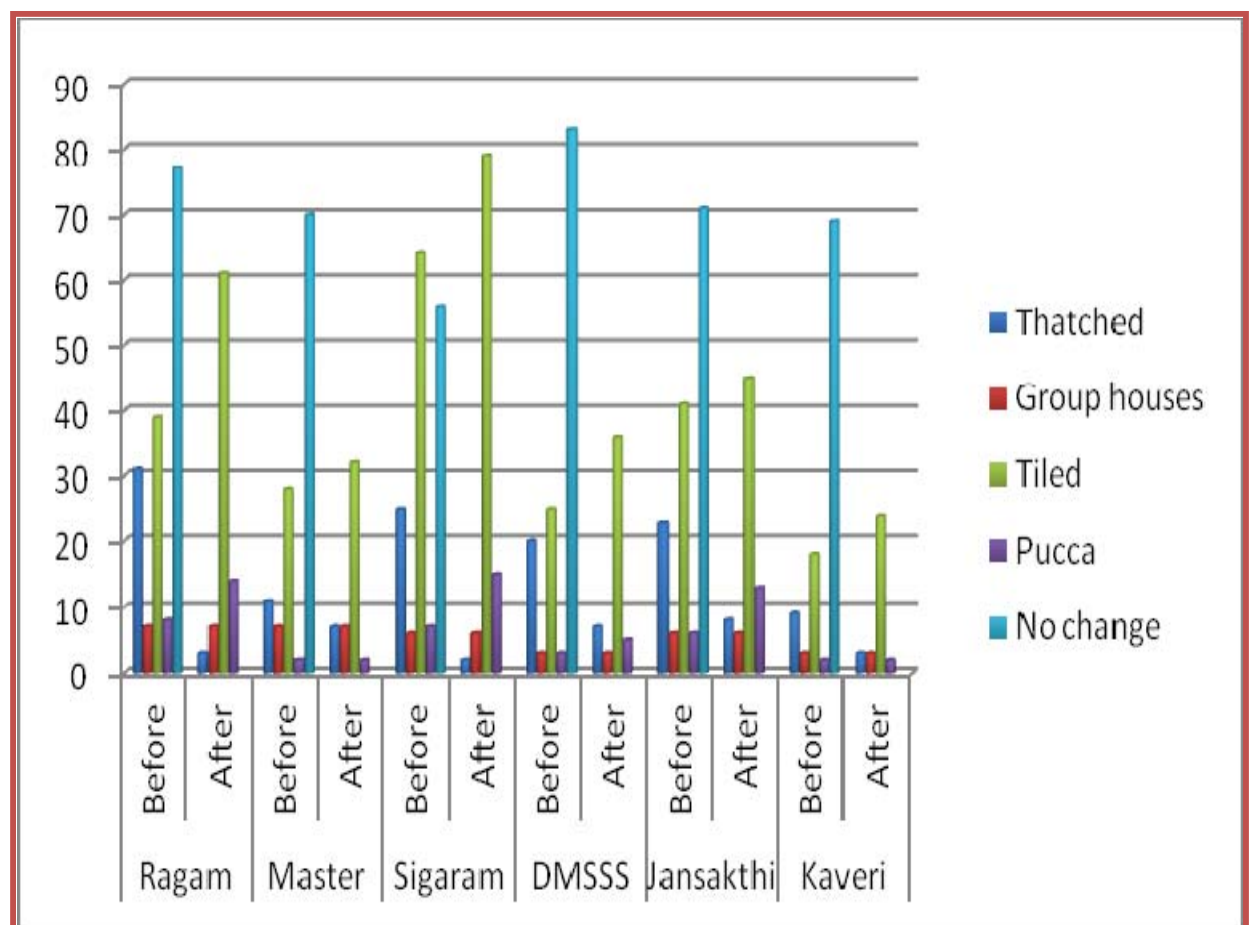


Table 6.5
Impact on Housing

Type of house	Madurai				Dindigul				Ramanathapuram			
	Ragam		Master		Sigaram		DMSSS		Jansakthi		Kaveri	
	B	A	B	A	B	A	B	A	B	A	B	A
Thatched	31 (36.47)	3 (3.53)	11 (22.92)	7 (14.58)	25 (24.51)	2 (1.96)	20 (39.22)	7 (13.72)	23 (30.26)	8 (15.79)	9 (28.12)	3 (9.37)
Group houses	7 (8.24)	7 (8.24)	7 (14.58)	7 (14.58)	6 (5.88)	6 (5.88)	3 (5.88)	3 (5.88)	6 (7.89)	6 (7.89)	3 (9.38)	3 (9.38)
Tiled	39 (45.88)	61 (71.76)	28 (58.34)	32 (66.68)	64 (62.75)	79 (77.45)	25 (49.02)	36 (70.60)	41 (53.95)	45 (59.21)	18 (56.24)	24 (75.00)
Pucca	8 (9.41)	14 (16.47)	2 (4.16)	2 (4.16)	7 (6.87)	15 (14.71)	3 (5.88)	5 (9.80)	6 (7.90)	13 (17.10)	2 (6.25)	2 (6.25)
Total	85 (100)	85 (100)	48 100	48 100	102 100	102 100	51 100	51 100	76 100	76 100	32 100	32 100
No change	77		70		56		83		71		69	

Source: Field data

Figures within parenthesis indicate percentages (B – Before, A- After)

There was fall in the case of thatched houses to the extent of 74.79 per cent. There was increase in the case of tiled houses to the extent of 28.84 per cent. There was increase in pucca houses to the extent of 82.14 percent. . . The rise in pucca house is high in Ramanathapuram followed by Dindigul and Madurai

Monthly Savings:

Savings provide financial strength to the family to meet the contingencies. It provides a sense of security and independence. In many cases it serves to augment the working capital of the enterprises. To assess the increase in the savings, savings before and after initiating/expanding the enterprises was compared. As per the data incorporated in the table 6.5 The percentage increase of average monthly savings, in the case of Sigaram, is the highest 409.06 followed by members of Janasakthi Federation (286.43 per cent) and Ragam federation(215.78 per cent) . The increase in the percentage of savings is observed to be high in the case of beneficiaries promoted by Federations. In the case of the beneficiaries of Master, DMSSS and Kaveri, savings was nit during the pre enterprise period . For the first time in their life they have generated savings through the profits of micro enterprises. The percentage change is infinity.

Table 6.6
Monthly Savings

District	NGO	Status	Average monthly savings	Incremental increase	Percentage difference
Madurai	Ragam	Before	469	1012	215.78
		After	1481		
	Master	Before	355	789	222.25
		After	1144		
Dindigul	Sigaram	Before	309	1264	409.06
		After	1573		
	DMSS	Before	-	430	430
		After	430		

Ramand	Janasakthi	Before	258	739	286.43
		After	997		
	Kaveri	Before	-	382	382
		After	382		

Relief from money lenders

Data from the field survey reveals the continuing importance of moneylenders in people's livelihoods. A poor family turns to this source of help in most emergencies. The major economic reasons of many households are also frequently serviced with loans from moneylenders. Sometimes all the essential requirements for a livelihood activity such as inputs, market linkages and cash are integrated into their loan products. Merchants, traders or agents providing inputs against contractual claims on the producers outputs are also providing livelihood finance. These arrangements usually have the advantage of convenience to the producers but may not necessarily have the best result in terms of margin between input costs and output prices

Table 6.7

Relief from money lenders

District	Madurai	Dindigul	Ramnad	Total
Completely relieved	58 (43.61)	88 57.52	50 46.30	196 49.74
Partially relieved	30 25.55	44 28.76	20 18.52	94 23.86
Still borrowing	45 33.84	21 13.72	38 35.18	104 26.40
Total	133 100	153 100	108 100	394 100

Source: Field data

Note: Figures within parenthesis indicate percentages

Indebtedness to moneylenders was very high among the rural households and the loans were raised both for consumption and investment purposes. Thus they got into external debt trap. They paid very high rates ranging from 36 per cent to 100 per cent

per annum and the major portion of the internal loan from the SHGs was used to service the debt.

Discussion with the respondents revealed that micro enterprises enabled them to use the profits for redemption of old debts from moneylenders. Weaning away from the poor from the exploitative credit mechanism of the moneylenders save the interest burden and release of the members from the clutches of the usury.

One of the benefits of micro enterprise is relief from usurious moneylenders. The first category namely 'completely relieved' bid a goodbye to money lenders. On the whole 49.74 of the respondents have been completely relieved from the clutches of the money lenders. This category is found more in Dindigul district (57.52 per cent) compared to other districts in the study area.. However about 23.86 per cent of the respondents had been only 'partially relieved' which means that they are still repaying their old debts but do not go in for fresh loans. More than one fourth of the members approached the money lenders even after starting the enterprises to meet the working capital needs of the enterprises and also the consumption needs. This category of the respondents were found more in Ramanathapuram (35.18 per cent) followed by Madurai district 33.84 per cent). The consecutive droughts in the districts under study put them in the vicious debt trap.

Sustainability of Micro enterprises

For any development project the first and foremost question is how beneficiaries can achieve sustainability. In the present study sustainability of micro enterprises assumes significance for livelihood security. The term 'sustainability' refers to the capacity of the groups to start a new enterprise or expand the existing one and become capable of functioning continuously for a long period by working in collaboration with different agencies. It can be analysed by examining the backward and forward linkages available to SHG entrepreneurs. With regard to availability of backward linkages members had varied experiences. Some of them reported that raw materials were supplied by the NGO, for others raw materials were sourced from the local markets. Continuous availability of raw materials was a problem for 32

per cent of the members. About 38 per cent of the respondents could not expand the scale of operations due to obsolete technology.. Across the districts the members reported that good infrastructures was not available to them Members could not produce adequate goods due to frequent power cuts . In case of forward linkages members did not get much help from government organizations, NGOs, Banks for marketing their products. SHG members faced obstacles in marketing since their products were non branded. Over all it was seen that SHG entrepreneurs were not able to make big margin of profits compared to big traders. However for 394 respondents who have reaped sizeable profits have good prospects provided business development services are made available to them

Multiple Regression Analysis

In order to find out the factors which influence the sustainability of micro enterprises in the study area Linear Multiple Regression Analysis has been carried out. The average monthly profit generated by the enterprises is considered as a indication of sustainability of micro enterprises . The following model with six independent variables has been used

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6$$

Y = monthly income (in Rupees)

X = intercept (constant)

X₁ = Investment

X₂ = Age of the entrepreneur

X₃ = Education of the entrepreneur

X₄ = Duration of the credit sales

X₅ = Duration of training

X₆ = Age of the group

Justification for the selection of variables

The seven variables selected as independent variables are generally bound to influence the income of the respondents. The justification for selecting these variables in this analysis is presented below:

Investment (x_1):

Investment refers to the capital either from bank or from NGOs or any other source for initiating an enterprise and it includes working capital also. Adequate and timely availability of capital is essential for smooth running and upgrading the micro enterprises

Age of the entrepreneur (X_2)

Age is an important factor in enterprise promotion. Risks and uncertainty bearing are the basic qualities of an entrepreneur. It is assumed that youngsters undertake more risk prone activities than the middle aged people. Hence this variable is relevant for the study.

Education of the entrepreneur (X_3)

It is an important factor influencing the knowledge level of entrepreneurs. It is a common generalization that higher the education level possibility of managing the enterprise in a sustainable way will be better. It is assumed that education will help to identify the economic opportunities better and they would deal with the changes in the business environment in a better way.

Duration of the credit sales (X_4)

Credit Sales beyond limits is bound to affect not only the prospects but also the survival of the enterprises. Hence it was chosen as an important variable that affects sustainability.

Duration of training (X_5)

Indepth knowledge and skill are the factors positively related to the duration of training. Proper knowledge and skills are very important for the successful operation of any business which results in increased profit.

Age of the group (X_6)

It is assumed that the age of the group has profound effect on income and sustainability of the enterprise. The assumption is based on the promises that those

which are older groups have graduated from microfinance to micro enterprise stage, gained exposure through more number of trainings, exhibit maturity and group cohesion accumulated more corpus compared to younger groups

The Linear Multiple regression is fitted separately for the enterprise

The significance of R indicates that all the variables put together could explain 68.1 per cent of variations in the sustainability level.

Table 6.8
Multiple Regression Analysis

Model	Unstandardised coefficients		Standardized coefficients	T	Sig
	B	Standard Error	Beta		
Constant	3.273	1.128		-2.903	.005
Investment (x_1)	1.904	.147	.795	12.943	.000
Age of the entrepreneur (x_2)	.363	.186	.129	1.946	.055
Education of the entrepreneur (x_3)	1.245E-02	.190	.004	.665	.948
Duration of credit sales (x_4)	-.226	.161	-.093	-1.399	.165
duration of trainings (x_5)	.360	.109	.233	3.300	.001
Age of the group (x_6)	.494	.132	.273	3.714	.000
R square		F		Significance	
.681		23.716		0.01	

The significance of R square (.681) indicates that 68.1 per cent of the variations in profit level of the enterprises is explained by the seven independent variables selected for the study. (vide table 6). . The regression coefficient is significant and positive for investment, age of the group, and duration of training. One unit of increase in investment ceterus paribus would result in an increase of 81 units in monthly income level.

The significant coefficient for duration of training reveals that one unit increase in duration of training leads to 2.33 units increase in monthly income which means that the skill level improvement through training will improve the productivity of enterprise . The regression coefficient is positive and significant for the age of the group. This shows that one unit increase in age of the group ceterus paribus would increase the monthly income level by 2.73 units. Higher the age of the group better the profit level of the individual enterprises. Increased corpus of the SHGs enable the members to increase the frequency of and amount of SHG loan to meet their working capital needs. Also the experience gained by the group through various types of trainings and skill development programmes undergone, exposure visits etc have cumulative positive effect on monthly profit of the enterprises.

An attempt has been made to present a SWOT analysis of the enterprises in the study area which will help to facilitate an action plan for the growth of enterprises in the area with implication on livelihood security.

Chart 6A

SWOT Analysis

Strength	Opportunities
• People are organized into Self Help Groups • Training facilities were available in the case of federation-led SHGs • Identification of the activities was done by the people themselves through feasibility analysis under the guidance of an external expert , in the case of federation led SHGs • Collective strength and team spirit of the groups in the case of group enterprises such as aracanut products production, concrete mixture,garment business in Dindigul district • Microfinance services of the banks and NGOs(World Vision) encouraged the members to initiate enterprises • Entrepreneurship training provided by the MaThi NGOs • Low gender discrimination • Efforts of community coordinator in monitoring the activities	• Scope for entering into services activities where there is good market potential • Proximity to urban areas • Availability of Natural resources in hilly areas such as bomboo, , silk cotton which are still unexploited

Weaknesses • No institutional support for business development services for micro enterprise • Irregular and limited market • Efforts of quality and standardization of the products are lacking • Members were not aware of the Branding of Products • Absence of quality training, refresher training and resource training in the case MaThi groups • Women are unable to work full time basis • Dependence of outside people for running the enterprises due to lack of skill and time • Bias towards individual activities rather than groups enterprises • Improper and inefficient management of enterprises • Technology is obsolete in the case of tailoring activities • Poor internet , power and communication facilities crippling the computer centres • Inadequate working capital in the case of pettyshops and aracanut production • High raw material and transport cost affecting the profit • Non availability of skilled manpower • Lack of cordial inter personal relationship	Threat • Lack of insurance support for the micro enterprises • Inadequate and irregular working capital • Withdrawal of NGOs without empowering the federation in all aspects • NGOs in the case of MaThi groups did not provide handholding support to the income generating activities of the SHGs • Geographical remoteness • Casteism and traditional cultural taboos e.g petty shop • Inadequate infrastructural facilities such as power, work sheds, etc...
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CHAPTER 7

Findings and Suggestions

Livelihood strategies denote the range and combinations of activities and choices that people make in order to achieve their livelihood goals. Livelihood strategies include how people combine their income generating activities, the way in which they use their assets, which assets they choose to invest in and how they manage to preserve the existing assets and income. Livelihoods are diverse at every level for example, members of a household may live and work in different places engaging in various activities, either temporarily or permanently. Individuals themselves may rely on a range of different income generating activities at the same time.

In the development paradigm, 'SHG based 'microfinance has been evolved as a need based policy and programme to cater to the livelihood needs of neglected groups, especially women. The basic idea of microfinance is that if the poor people are provided with access to financial services including credit, they may very well be able to start or expand micro enterprises that will allow them to break out of poverty.

Loans taken under these programmes have helped the groups increase their income somewhat but whether the micro enterprises started by them are sustainable in covering the costs and generating the surplus is under debate. While some of the SHPIs/NGOs are able to create linkages, many NGOs are unable to do so. There is need for escort or handholding services to take up higher level micro enterprises. The position of micro enterprise is therefore a matter of concern. The present study focuses on rural and disadvantaged poor in the villages of Madurai, Dindigul and Ramanathapuram districts of TamilNadu who had ventured to start and run micro enterprises in an effort to improve their livelihoods. The study explores the strategies adopted by the Self Help Promoting Institutions in promoting the micro enterprises of self Help Groups and the management strategies of the SHG(Self Help Group) entrepreneurs in sustaining their micro enterprises thereby achieving sustainable livelihoods.

The broad objective of the study is to investigate the micro enterprises initiated by SHGs and assess the impact of micro enterprises on livelihoods of the SHG members. The specific research objectives of the study are as follows:

Objectives of the study

- To analyse the types of enterprises promoted by the SHG members
- To assess the role of SHG Promoting institutions like federations, NGOs in promoting micro enterprises
- To examine the strategies adopted by the SHG entrepreneurs to manage the enterprises
- To investigate the factors that influence the success and failure of micro enterprises
- To assess the impact of micro enterprises on livelihoods of the respondents
- To identify the challenges from the perspective of SHG entrepreneurs and SHPIs and to suggest measures to meet the challenges in the field
- To suggest measures for policy changes for better implementation of micro enterprise development programme.

Methodology

The study is descriptive one based on survey method employing both secondary and primary data. The present investigation has adopted Multi stage random sampling method for the selection of districts, NGOs, groups and micro enterprise owners. The 820 SHG entrepreneurs who have more than 4 years of experience in running micro enterprises, drawn from 685 groups based on systematic random sampling constituted the respondents of the study. The SHGs were drawn from both Mahalir Thittam NGOs and Non Mahalir Thittam NGOs functioning in Madurai, Dindigul and Ramanathapuram districts of Tamilnadu.

Bearing on the objectives of the study two interview schedules were framed for the purpose of collecting data. In addition, Focus Group Discussion and case study method were also used to collect in-depth information from the micro enterprise owners. Statistical tools such as averages, percentages, 't' test, Anova and Multiple Regression analysis were used to analyze the data.

Among the six SHPIs involved in the study, Ragam in Madurai, Sigaram in Dindigul and Janashakti in Ramanathapuram follow federation approach. Their efforts are directed towards enabling the groups run their programmes by themselves so that programmes do not collapse when the NGO withdraws. The other NGOs –DMSSS, KAVERI and MASTER follow minimalist approach by taking the credit needs of the members as their main focus.

Findings of the study:

Socio – Economic Profile of respondents

Gender wise distribution of the respondents shows that majority of the beneficiaries of micro enterprise programme is women constituting 87.57 per cent as against 12.43 per cent in the case of men. It is found that among the three districts under study only the federations of SHGs such as Ragam, Sigaram and Janasakthi in Madurai, Dindigul and Ramanathapuram respectively encourage men Self Help Groups.

The socio economic situation of the respondents was fairly homogenous. They belonged to economically weaker sections of the society. Majority of the respondents are found in the active age group of 30-50 and only 3.9 per cent of the members belonged to the age group of above 50 years. A high majority of the respondents were married (84.26 per cent). Widows and separated women together constituted 9.40 per cent among the respondents In the study area. As high as 72.44 per cent of the member respondents belonged to backward caste followed by scheduled caste (24.64 per cent).

It is found that 14.88 per cent of the respondents are illiterates and the percentage of illiteracy is found more in Ramanathapuram (28.23 per cent). Majority of the respondents are literates and have received primary education (36.59). Occupation wise distribution of the respondents reveals the predominance of agricultural labour (46.09 per cent) in all the districts under study. . Farmers constitute 37.19 per cent and housewives involved in livelihood enterprises constitute 16.47 per cent in the study area.

Among the 820 respondents, majority (66.21 per cent) belong to 'poor category' followed by 'economically active poor' (29.40 per cent). It is found that only 4.39 per cent of the sample respondents were desperately poor and this class is found comparatively more in Ramanathapuram (10.89 per cent)

Experience of the groups

Experience wise analysis of the groups reveals that majority of the enterprises (67.44 per cent) in the present study have 4-6 years of experiences. Enterprises with more than nine years of experience are found in Ramanathapuram (23.39 per cent).

Type of Micro enterprises:

As high as 76.34 per cent of the respondents run livelihood activities such as petty shops, flower selling, vegetable shops, cycle repair, tea shops etc., and 23.66 per cent of the respondents are engaged in growth oriented micro enterprises such as computer centres, R.O water plants, arcanut plates production, paper cup production nursery raising etc.

Motives behind involvement in livelihood activities

Majority of the members (71.09 per cent) in all the districts under study decided to involve in livelihood activities to overcome poverty and to have cash to meet the day to day exigencies. In the study area the proportion of such response is rather high among the respondents of Ragam federation in Usilampatti block of Madurai district. In the case of 4.27 per cent of the respondents, death of the spouse forced the women to involve in income generating activities.

Reasons for choice of activities

As high as 35.73 per cent of the respondents selected the activity because it was easy to start. In the case of 12.44 per cent of the members, the training imparted by the NGOs was largely responsible for selection of activities. For instance in Dindigul 17.14 per cent of the members underwent training in various skills such as aracanut plate production, jute bag making and embroidery which prompted them to take up the activities. It is surprising to note that only about 12.32 per cent of the respondents considered profit maximization as a reason for selecting the activities.

First generation Vs Second generation entrepreneurs

It is found that 42.80 per cent of the respondents belonged to the 'first generation' category and second generation entrepreneurs constituted 57.20 per cent. District wise analysis shows that first generation entrepreneurs were found more in Ramanathapuram (65.73 per cent) compared to 57.53 per cent in Madurai district and 52.50 per cent in Dindigul district.

Gender wise analysis of the respondents, revealed that first generation entrepreneurs are found more among women (61.54 per cent in Madurai district, 59.05 per cent in Dindigul district and 70.35 per cent in Ramanathapuram) than men. On the whole 21.57 per cent of the entrepreneurs constitute first generation entrepreneurs among men as against 63.51 per cent among women. In the case of second generation entrepreneurs, women constitute 36.49 per cent as against 78.43 per cent among men.

Agencies influencing choice of activities

The SHG members were assisted by different agencies such as federation, SHGs, NGOs, family and external experts in identification of activities / expansion of activities. Majority of the members of RAGAM in Madurai (86.42 cent) and Janasakthi in Ramanathapuram (65.99 per cent) were counseled by the federation . In the case of members of "Master" in Madurai and DMSSS in Dindigul and Kaveri in Ramanathapuram family members were predominant in helping the members in

selecting the activities. The Self Help Groups played a key role in selection process in the case of members of “Sigaram”.

Risks faced by the SHG entrepreneurs

The SHG entrepreneurs in the study area face various types of risks such as. Market risks, natural risks, technological risks, strategic risks and personal risks

Sector wise distribution of micro enterprises

Sector wise distribution of the enterprises shows that majority of the members were engaged in nonfarm related activities (43.18 per cent) compared to farm activities (30.36 per cent) and animal husbandry activities (26.46 per cent).

About 14.63 per cent of the total respondents were engaged in service sector. Among them majority of them (59.17 per cent) were running tailoring units at home without affecting their domestic chores followed by computer centres (15.83 per cent). It is found that innovative enterprises such as computers and RO units were run only by the members under the guidance of federation in Madurai and Dindigul districts.

More than one fourth of the members (28.54 per cent) of the respondents were engaged in production and business activities in the study areas. The SHGs of Sigaram federation under the guidance of World vision has succeeded in promoting more number of non farm activities availing micro finance followed by Janasakthi in Ramanathapuram and Ragam in Madurai. Sigaram federation was unique in promotion of innovative activities. Socially excluded people such as ‘gypsy community’ were given financial assistance for carrying out the artificial jewellery activities in Dindigul district. These members successfully carried out their activities, traveling to different states for marketing ,leaving their children in ‘residential schools’. . In Ramanathapuram, resource based activities such as charcoal making, red chilly business, dry fish sales and palm candy were more prominent.

Initial investment on enterprises

Considering the size of women's enterprises in terms of capital, it is obvious that enterprises in the sample are micro scale in nature with small initial capital. About 41.46 per cent of the respondents had a start up capital of less than Rs.5000. Majority of the respondents invested capital ranging from Rs.5001-10000. Only 6.22 per cent of the respondents invested more than Rs.10000/-

Almost all the SHG members expressed their inability to determine the working capital of the activity raising the flaws of weaknesses of entrepreneurship. This also affirms lack of knowledge in business management and book keeping as obstacles in determining and recording changes in sales, business output and general profit maximizing potential of micro enterprise activities

Involvement of Family members

There is overwhelming involvement of the family members (90.37 per cent) and extended their support in all possible ways to carry out the livelihood venture. Brick kiln, hollow block production, concrete mixture activity, artificial jewellery making are examples of family supported activities.

Results of Anova test

The study has employed Anova test for assessing the variation among different districts in respect of profitability of the enterprises. The null hypothesis was tested and found that there is significant variation among the three districts in respect of profitability scores. The result led to the rejection of null hypothesis as the calculated F value is higher than the corresponding table values.

The field level observations reveal that profits of enterprises in different districts vary depending upon the NGO initiatives, supportive institutional factors, willingness and initiatives of the members and the availability of resource

Single vs Multiple activities

It is observed that majority (86.34 per cent) of the members in the study area is engaged in single activities as against 13.66 per cent of the members running multiple activities. To offset the fall in income during the drought season, to reduce the risk in cases of failure of an activity and to take advantage of favourable seasonal factors, the SHGs in coastal areas of Ramanathapuram resorted to multiple activities. For instance a few members are involved in palm products manufacturing like baskets, hats as well as in charcoal making.

New vs Existing enterprises

Out of the 820 SHG entrepreneurs, 51.22 per cent of the sample respondents invested the loan amount in starting new micro enterprises which seems to be a good beginning. Among the districts, Dindigul leads in promotion of new units (54.29 per cent) by the SHG members followed by Madurai (51.37 per cent). The training programmes organized by the World Vision to impart income generating skills, to capacitate the members , grant assistance of World Vision after feasibility analysis were mainly responsible for starting new units in Oddanchatram, Ambilikai and Pachalur hill areas of Dindigul district.

It is found that the expansion of the existing enterprises (52.42 per cent) outnumber the newly started units (47.58 per cent), in Ramanathapuram due to established marketing links, traditional skill of the members and involvement of the family members in enterprises such as palm candy preparation, dry fish sales, palm basket production, etc. Analysis of new vs expansion of activities based on NGOs reveals that World Vision has promoted more number of enterprises(57.86 per cent, 54.11 per cent and 59.27 per cent in Madurai, Dindigul and Ramanathapuram districts respectively) than the MaThi NGOs. .It is found that the new enterprises are found more in the case of groups groomed by Ragam federation and expansion of industries are found in large numbers in the case of . Sigaram and Janasakthi federation.

The percentage of failures are found more among the new enterprises in almost all the districts. On the whole the loss making units accounted for 27.32 percent of the total units in the study area and 24.63 per cent of the enterprises were under 'no-loss no profit condition'. As such income effect in the case of 51.95 per cent of the units was nil in the study area. Profit could be generated in the case of 48.05 per cent of the enterprises. District wise comparison reveals that the failure units were comparatively high in Ramanatha puram district. SHPI wise comparison reveals that failure cases were found more in the case of the groups who belong to the NGO (KAVERI) in Ramanathapuram. Successful units are found under groups guided by Sigaram federation (64.55 per cent) in Dindigul followed by the groups of Ragam federation in Madurai (47.50 per cent). These units owe their success to the guidance, financial assistance provided by the World Vision India.

District wise analysis reveals that successful units are found more in Dindigul district (64.55 per cent) as against 50.71 per cent in Madurai district and 43.54 per cent in Ramanathapuram districts. In all the districts under study the federation groups have fared better than the groups of MaThi NGOs.

The main reason for the success of 48.05 percent of units in the study areas were as follows:

- the handholding approach of Self Help Promoting Institution
- right identification of opportunities
- market based activities and involvement of the members in the business
- The groups ploughed back 40 to 60 per cent of their profit for business promotion
- The skill training and accounts and book keeping training which the group members underwent was another key factor for the success
- Majority of the successful units expanded the existing units as they had assured market for their products
- About 32 per cent of the successful members diversified their livelihood activities keeping in pace with the changing demand

The reasons for failure and loss

- The credit sales was the main reason for the failure
- The high transportation cost of procuring the aracanut leaves and the lack of space to store the stocks, irregular supply of power and frequent power cuts were the main reasons for the failure.
- In the case of paper cup production, The members did not have the requisite skill to man the machine inspite of the training . As a result the group decided to lease out the shop to an individual from outside the group. The SHG members could not manage the centres due to poor computer knowledge and they had to hire the skilled people for job typing and maintenance of computers
- Recurring expenses of the computer centres increased leaps and bounds due to high electricity bill, maintenance charges, rent for the building etc. The computer staff could not be paid regular salary . Frequent power cuts delayed and affected the quality of service . The centre had to resort to retrenchment, ultimately resulting in closure of the centres. Assets were handed over to the federation
- In the case of grocer shop the members failed to plough back the profit and the activity suffered due to inadequate working capital

There is difference in profitability level among the micro enterprises of different districts under study. The field level observations reveal that profits of enterprises in different districts vary depending upon the NGO initiatives, supportive institutional factors, willingness and initiatives of the members and the availability of resources

Group Vs Individual enterprises

Notwithstanding the advantages, the group enterprises are found less in the study area . It is found that 17.93 per cent of the members were engaged in group activities and 82.07 percentage of SHG entrepreneurs invested their funds only in individual activities.

District wise findings reveal that Dindigul district was more successful in initiating group enterprises (25.34 per cent) than Madurai district(15 per cent) and Ramanathapuram (21 per cent) district. The SHPI wise the beneficiaries of Sigaram , in Dindigul district initiated more number of group enterprises. The group enterprises were conspicuous by absence in the case of Master,in Madurai and Kaveri in Ramnad

In the case of Ragam, Sigaram and Janasakthi where the federation has the control, a few of the group enterprises were found successful. The rice business in Muthunayakanpatti grocery shop in Ambilikai, renting of cement mixture machine, vessel renting business, cattle feed shop, milk societies (Dindigul district) stand as examples of successful group ventures. The milk producer groups carried out a range of activities: milk collection, milk processing, marketing of milk, organizing the supply of animal feed etc.

Insurance of the micro enterprises

It is found that 43.04 per cent of the members did not insured their enterprises and all of them belonged to MaThi groups. Payment of insurance premium is compulsory for all the enterprises and the premium amount is deducted from the loan amount in the case of non MaThi groups. Link was established with Oriental Insurance company and United India Insurance Company

Training

It is found that the animators and members of all the groups of federations in Madurai and Dindigul and Ramanathapuram have undergone training where as 70.34 per cent of the members of Master (NGO)in Madurai 74.63 per cent of the members of DMSSS in Dindigul and 79.21 per cent of the members of Kaveri in Ramnad have not undergone the basic member training. The performance of Non MaThi groups with regard to skill is better than MaThi groups.

Thus the MaThi groups lag behind the Non MaThi groups with regard to skill training and animators and representatives training. Among the Non MaThi groups also 40.12, 34.81 and 44.90 per cent of members in Madurai, Dindigul and Ramanathapuram districts respectively have not undergone skill training where as among the MaThi groups 79.66, 67.91 and 80.20 per cent of the members in Madurai, Dindigul and Ramanathapuram districts respectively have not undergone skill training.

Control of enterprises: It is not uncommon to find women being only borrowers and not decision makers or end users of credit. In examining who controls or decides the use of loan in the household in the present study, the results shows joint control of about 43.42 per cent, sole female control of 33.78 per cent and sole male control 22.80 per cent of the participants

Impact of Micro enterprises on livelihood

Change in employment status: Micro enterprise programmes have improved the employment conditions of 48.05 percent of SHG entrepreneurs. It means there has been no change in the employment position of 51.95 per cent of the SHG entrepreneurs . This category included misutilization of credit, discontinuance of activities due to death of animals, closure of units due to loss.

Those who were relieved from unemployment by the micro enterprise programme constituted 10.61 percent. The percentage of this category was high in the case of Madurai district (11.79 per cent) . It is observed that in the case of 7.07 per cent of members a structural change has occurred in their life through a shift from wage employment to self employment status.

The single largest (30.37 per cent) group consist of those who were benefited in terms of duration of employment leading to expansion in activities concerned due to established marketing linkages . The percentage of this category was high (34.94 per cent) in the case of Dindigul district The SHG members engaged in petti shop

activities, catering centres, tailoring , artificial jewellery , retail business, water plant etc. belong to this category.

Percentage of incremental increase in man days employed ranged from 20 to 90 per cent. To examine whether there is any significant difference between the person days per month , before and after becoming an entrepreneur. The result shows that the calculated 't' value is found to be significant at 1% level of significance. This implies that there is significant difference in the number of person days employed before and after joining the enterprise

Impact on income level

The percentage increase in incremental income of the districts under study ranged from 26 to 78. Paired 't' test shows that the computed 't' values is significant at 1 % level of significance . This indicates significant difference in the monthly income of the beneficiary before and after joining the enterprise

Expenditure pattern

Expenditure pattern reflects the standard of living of the people. For the purpose of this study expenditure is classified under six heads viz., housing, construction of work shed, food, education, reinvestment, diversification of enterprises, clearance of debt, purchase of jewellery, and fixed deposit A change in the expenditure pattern of the members is observed in the case of 48.05 per cent of the respondents which means that there is no change in the case of 51.95 per cent of the borrowers.

It is observed that education of the children got priority in the expenditure of the 75.63 per cent of the members followed by improvement in housing (62.18 per cent) and food and nutrition (38.83 per cent). It is also observed that 37.31 per cent of the members have utilized the amount for clearance of old debt.

Improvement in housing

Prior to initiating their micro enterprises, the houses of majority of the respondents were in a bad condition, made of mud and in some cases partly of brick with tiles roof. However by the time of data collection, majority had semi-pucca houses. Out of the 394 successful SHG entrepreneurs in the study area, 289 members (73.35 per cent) carried out improvements in their housing.

Impact on savings

The percentage increase of average monthly savings, in the case of Sigaram, is the highest (409.06) followed by members of Janasakthi Federation (286.43 per cent) and Ragam federation (215.78 per cent). The increase in the percentage of savings is observed to be high in the case of beneficiaries promoted by Federations. In the case of the beneficiaries of Master, DMSSS and Kaveri, savings was nil during the pre enterprise period. For the first time in their life they have generated savings through the profits of micro enterprises. The percentage change is infinity.

Relief from moneylenders

On the whole 49.74 of the respondents have been completely relieved from the clutches of the money lenders. This category is found more in Dindigul district (57.52 per cent) compared to other districts in the study area.. However about 23.86 per cent of the respondents had been only 'partially relieved' which means that they are still repaying their old debts but do not go in for fresh loans. More than one fourth of the members approached the money lenders even after starting the enterprises to meet the working capital needs of the enterprises and also the consumption needs. This category of the respondents were found more in Ramanathapuram (35.18 per cent) followed by Madurai district (33.84 per cent). The consecutive droughts in the districts under study put them in the vicious debt trap.

Livelihood source

The livelihood sources for households shifted from wage employment below subsistence level to self employment with increased ownership (land, livestock and other non farm enterprises and diversified forms of livelihood. Access to bank finance

and NGO finance helped the poor to upgrade their assets, acquire new assets and diversify their livelihood sources

With reduced dependency on moneylenders for credit increased expenditure on livelihoods of the poor improved

Assets

The value of assets at household level almost tripled . There was significant increase in the ownership of movable and immovable assets. A large majority of this investment was leasing dry and wet land, constructing houses, purchase of gold jewellery. Many households now participated in land lease markets. The extent of irrigated land owned by the poor also increased . Many women took up non farm activities including small manufacturing and trading including garments, retail trading in consumption goods.

Multiple Regression Analysis

In order to find out the factors which influence the sustainability of micro enterprises in the study area Linear Multiple Regression Analysis has been carried out. The regression coefficient is significant and positive for investment, age of the group, and duration of training.

Management strategies adopted by the SHG entrepreneurs

Among the SHG entrepreneurs who were interviewed, the researcher identified four sub categories based on different attitudes to risk towards enterprise promotion. The strategies are as follows:

- Farm Intensification Approach
- Non Farm Sector Approach
- Subsistence Approach
- Diversification Approach

The groups following the subsistence approach relied on agriculture for consumption and sale and supplemented agriculture with wage labour. The activities are characterized by low risk-low return approach, e.g cultivation of vegetables, corn, goat rearing combined with agricultural labour

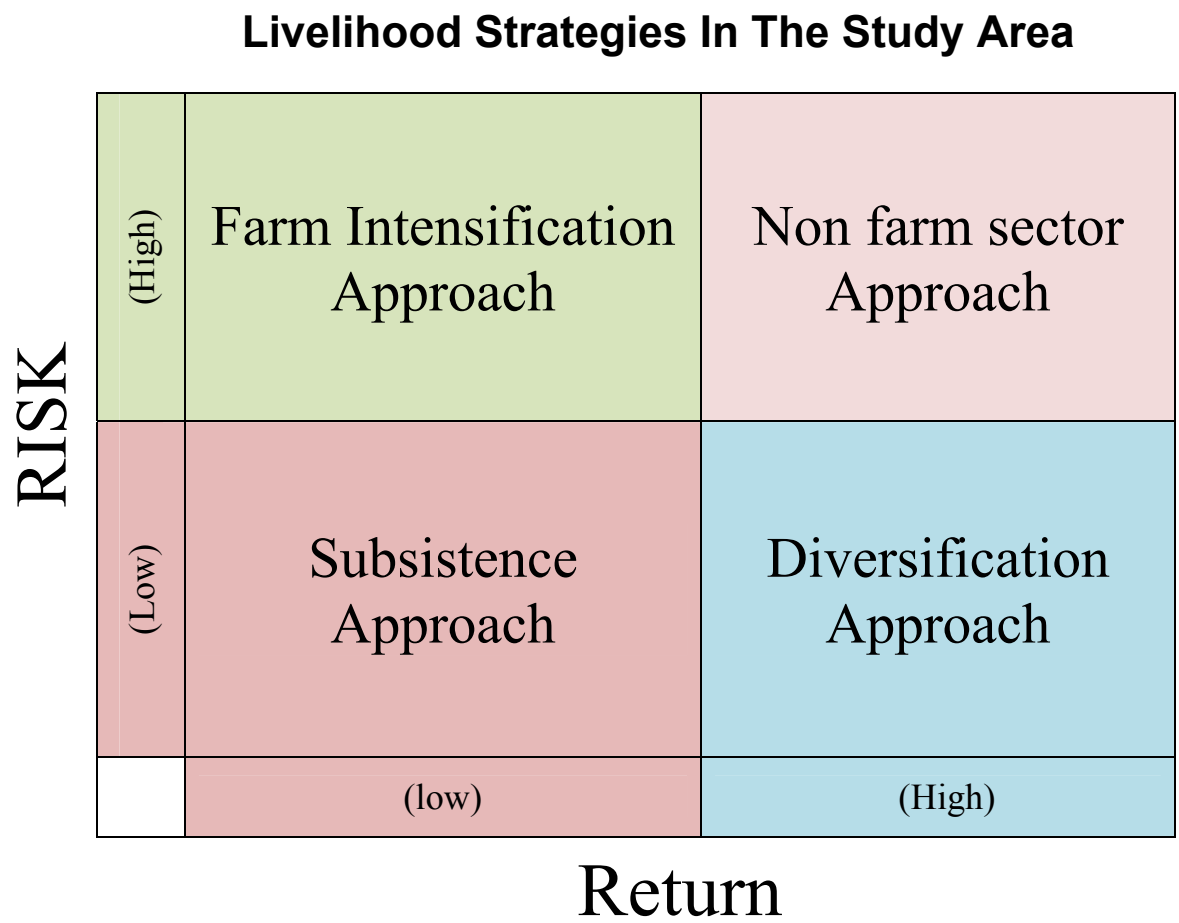
The groups following the diversification approach had mostly incorporated dairying into their livelihood strategy, selling milk to the milk cooperatives. Some produced corn but mostly depended on migrant labour and activities such as spinning mill. The activities are characterized by low risk –high return approach e.g tailoring,, catering services, dry fish business, concrete mixture machine renting,, charcoal business etc

Groups addressing the crisis with ‘intensification’ approach were increasing investment on land e.g sinking bore wells to ensure more reliable and higher yielding crops. To pursue this strategy required substantial borrowing by the households. The activities are characterized by high risk - low return approach e.g banana, paddy, sugar cane cotton, coconut, mango cultivation activities requiring irrigation facilities

Families adopting the non farm enterprise approach largely introduce a retail activity into their livelihood strategy. This became the major form of income for those households. The activities are characterized by high risk - high return approach e.g establishment of computer centres (They require uninterrupted power supply, internet facilities The Computer centre aims at facilitating access to information by poor and rural communities. The Centre acts as an ‘enterprise based entrepreneurial model’ It functions as a commercially viable small service business centre. The Centre is run by SHG entrepreneurs and offers services such as e-learning facilities, internet café and a small library. Assistance is given to the members in obtaining birth certificate, writing petition etc..), RO water plant with heavy investment

The risk-return distribution pattern of these groups is given vide figure 6d.. The higher risk approaches involved higher spending on investments and business expenses.

Fig 7.1 Livelihood Strategies in the study Area



Strategies adopted by the SHG entrepreneurs and SHPIs – what to intervene , where to intervene, how to intervene

- The group members chose to improve upon the existing livelihood activity such as dairy, brick kiln or to select new ventures such as RO water plant or computer centre
- After choosing the sector in which to intervene they identified what to intervene. For example after choosing the dairy sector they adopted the **sub sector approach** such as cattle feed business and to build linkages with the market through establishing milk cooperatives e.g milk society at Kethaiarumbu, Dindigul district
- Some interventions in livelihoods have evolved around **technological intervention** example Reverse Osmosis drinking water technology and promoting water business
- Intervention also took the form of introducing **new production process** or improving the production process e.g production of aracanut plates, cups and production of paper cups
- **Training inputs** have been an integral part of the livelihood interventions The federation in Dindigul district organized the following trainings for the SHG members - soft toys, embroidery ,jute bag, fruit juice computer training, aracanut products, tailoring, mushroom cultivation, paper bag, candle and agarbathi making computer training, , hollow block production etc

Observations

- The members by and large chose those activities which involved selling, trading rather than only production or skill development
- Women SHG entrepreneurs often got support and encouragement from their husband/ family members to initiate the enterprise. Very often the successful micro enterprises initiated by the rural women became a family business since other members of the family joined hands.
- The catalytic role played by federation was significant in encouraging the potential of rural women in initiating and sustaining micro enterprise for livelihood promotion.

- World vision did not choose the popular ‘micro credit’ model but selected the ‘micro enterprise ‘ development model which required sustained inputs on business development, feasibility assessment, training, counseling working to build trust and credibility with men and women
- Women’s micro enterprise and the consequent social empowerment of women brought about a quite subtle change in their gender balance equation in the family and society without any social pressure or social resistance – infact without any direct reference to gender issues at all.

Features of successful enterprises

- The major difference of the successful cases is that the members did not get cash in their hands thus minimizing the possibilities of either using it for consumption purposes or the men in the family taking it and using it for other purposes.. Since what they get is the material, equivalent to the credit amount for starting or continuing the enterprise the only option they had was to start the activity.
- The micro enterprise owners took a calculated risk
- They conducted an informal feasibility analysis of the activity for the micro enterprise under the guidance of cluster coordinators
- They selected an activity in which they had skill knowledge / experience and preferred trading or selling activities to pure production
- They started at a scale which were affordable
- They used the success experience of one activity to start a new one or to expand
- They displayed the need for achievement in their motivation profile

Setting such a small enterprise with reasonable credit at the micro economic level has led them to a new equilibrium and generate ‘energy of action’ when supported by inner achievement motivation. This process does change the socio economic indices at the micro level. One of the often repeated comments by the respondents in the study area was that “now we eat better, dress better, live better and send our

children to school". The consumption of vegetables, milk increased, so did the nutrition intake of families. Improvement on several socio economic indices such as education of children, purchase of consumer utility goods, repairing or improving upon the house and so on were also clearly evident.

The female entrepreneurs in the study area can be classified into three groups according to their adherence to their livelihood activities and values and beliefs.

- The conventional group made up of women who believe in the superiority of men although they have entrepreneurial ambitions. In general they are conservative and traditional women. Such women took up conventional lines of business; they were not confronted with conflicting pressure emanating from their business and from personal or domestic relationships from their business
- The innovative group of entrepreneurs who are highly committed to entrepreneurial goals but who reject prevailing notions of the female role and who do not accept the superiority of men over women.
- The domestic group of SHG women who regard their business as secondary to their domestic role. They are strongly attached to their traditional female role; therefore their business activities include catering centres, dress making and so on.

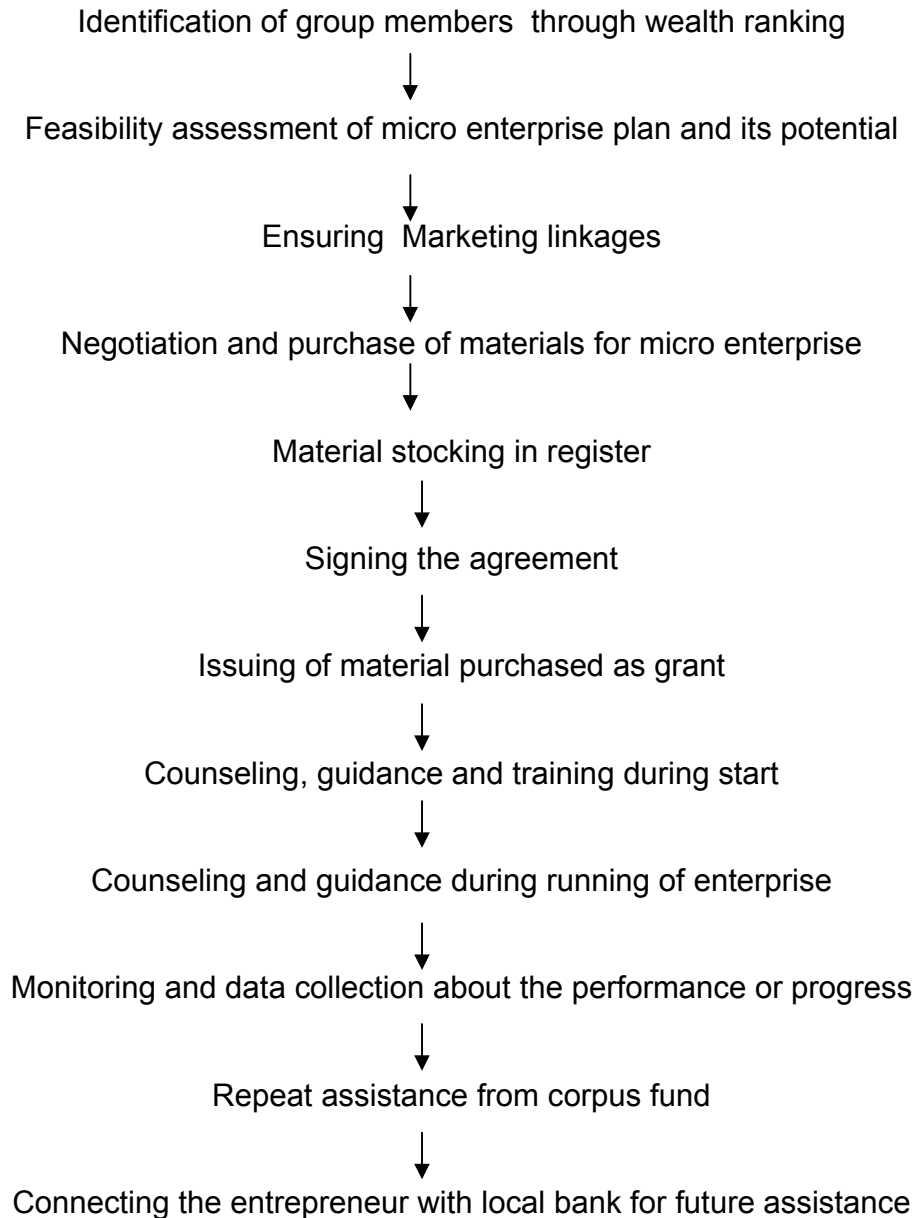
The process of identification of SHG entrepreneurs by World Vision

- The most important criterion was the economic status of the prospective entrepreneur. A home visit was made by the NGO staff to assess the economic status of the family through 'wealth ranking' analysis
- It was essential that the woman herself get engaged in the activity and not just take the loan and pass or hand it over to the other members the family.
- Consent from the husband/ family members was also an important criterion.

- Absence of alcoholism / gambling in the family of the prospective entrepreneur too was a pre requisite for including a woman in the enterprise- group. This was necessary to ensure that earnings were not misused and also to convey a message against the social evils
- The NGO invested a sizable amount in training, development, counseling and capacity building of the SHG entrepreneurs and their family especially to build their confidence for risk taking and to take new roles outside home for selling and purchasing.

The material loan plan: The assistance offered under the project involved grant in 'kind' and not in cash. It was stipulated that 25 per cent of the profit from the enterprise should be contributed to the group corpus fund to enable future investment or expansion of the activities by the group members. The major benefit of the strategy was the easy availability of the material as grant. This was pertinent in the context of high cost of borrowing from moneylenders usually ranging from 36 per cent to 60 per cent per year with collateral) which have to be repaid either daily as computed or at compounded rates (the people perpetually paying back the interest and can never pay back the capital borrowed – hence they are permanently indebted after taking small loans from the private moneylenders

The enterprise model of World Vision



The picture that emerges clearly establishes that the process of micro enterprises not only helps the poor women in livelihood improvement but also made a multi dimensional impact on their life.

The members were guided by the federation on how to undertake an informal feasibility analysis in terms of potential market available for the chosen activities. The members discussed the strength, weaknesses and probability of the success of the product.. The payment was made by the NGO directly to the wholesaler. The members visited World Vision office where the goods and their value were entered in a register and indicated as given. Verification of the material purchased was also done for its value and quality by a senior officer prior to delivery. The cluster coordinator, in the initial days of start supported and counseled the members with various aspects of the enterprise and built their confidence. The women were encouraged to make their own decisions and avoid dependency on the NGO and develop their self confidence. The over all approach of WORLF VISION of helping the members set up their micro enterprises was based on detailed planning and follow-up process:

The group members of World Vision ventured to start micro enterprises after receiving material grant rather than cash credit for the venture after choosing a specific micro venture. The entrepreneurs were counseled through feasibility discussion and analysis of their chosen business and a pre-agreed plan was made for the business.

How the respondents spent their income from their enterprises? The list typically includes the following:

- Converting the mud house into brick house
- Buying a bicycle
- Purchasing assets – jewels, , cattle, household utencils
- Education of the children
- Food security

May be the change in the standard of living was small but it makes a beginning towards a better tomorrow compared to the situation of subsistence in which they were living prior to starting their enterprises

Strategies adopted by the SHG entrepreneurs and SHPIs – what to intervene , where to intervene, how to intervene

- The group members chose to improve upon the existing livelihood activity such as dairy, brick kiln or to select new ventures such as RO water plant or computer centre
- After choosing the sector in which to intervene they identified what to intervene. For example after choosing the dairy sector they adopted the **sub sector approach** such as cattle feed business and to build linkages with the market through establishing milk cooperatives e.g milk society at Kethaiarumbu, Dindigul district
- Some interventions in livelihoods have evolved around **technological intervention** example Reverse Osmosis drinking water technology and promoting water business
- Intervention also took the form of introducing **new production process** or improving the production process e.g production of aracanut plates, cups and production of paper cups
- **Training inputs** have been an integral part of the livelihood interventions such as tailoring, computer training, aracanut plate production, hollow block production etc

Funding of the Livelihood activity

Grant based funding: All the micro enterprises run under the guidance of federation were grant based activities, the grant given by the Wodrld Vision. But when the grants run out the activities slowed down.

Loan based funding: Loans allowed investment in the business provided strict monitoring and follow up activities were taken up. The livelihood activities of the group members under the guidance of Master, DMSSS and Kaveri were funded by banks under SHG-Bank Linkage Programme (without subsidy) and SGSY (with subsidy) . However in the case of failure of business repayment suffered.

Equity funding: Though equity funding is difficult for a micro enterprise, the case of RO unit at Kollapatti, people donated land for construction of the plant an example where members themselves contributed equity type funds

Various types of Livelihood interventions: Various types of Livelihood interventions beyond running an income generating programme such as drinking water programmes setting up of water tanks in villages, building schools, educational assistance were also undertaken by World Vision in the villages of the study area.

Segmental approach: Promoting vulnerable segment of the population such as *Narikuravar community*, tribals and landless households through grant based funding enabled the section of the people expand their tradition based income generating activities.

- The 48.05 per cent of the households in the study area acquired assets (especially livestock, machineries and equipments) and shifted from wage employment to self employment.
- The small farmers, marginal farmers started activity participating in the land lease market
- Distress and contract migration reduced
- Household debt burden and dependence on moneylenders reduced
- SHGs became major credit supply institution with increased access to finance from commercial banks and NGOs
- Increased access to information by women on education, health and social issues have resulted in higher level of mobilization and action on social issues
- Various forms social capital increased substantially which increased solidarity peer support in crisis, linkages with government program and other institutions like banks
- Women are found in traditional or low income generating activities. They are engaged in these activities simply because these economic activities

are characterized by an easy entry and exit and low capital, skills and simple technology requirements

- Majority of them in the region were not drawn to entrepreneurship by 'pull' factors such as the need for a challenge, urge to try something on their own and to show others that they are capable of doing well in business, to be recognized by the society (self esteem) but by push factors such as poverty unemployment, the need to have cash income to support the family daily expenditure and precaution motives (anticipation if husband is laid off or unemployed and other emergency needs).
- Low level of education lack of training opportunities that make women severely disadvantaged , heavy household chores , legal, custom tradition cultural and religious constraints in the extent to which women can open their own business and lack of access to formal credit facilities

Challenges which SHPIs faced

- Infrastructure such as internet facilities, power supply , chilling centres, building road, common work place for the community were beyond the capacity of some NGOs. However World Vision build common work centres in Muthunayakan patti enabling the members to carry on production activities.
- Building peoples institutions such as producers organization is an area which need attention

The inferences from the study have identified major issues with reference to management of micro enterprises by the SHG entrepreneurs in the study area.

Sustainability of Micro Enterprises - Challenges

In the present day conditions accessing credit is not a limiting constraint for SHGs; however developing micro enterprises among SHGs remains a challenge. Micro enterprise requires continuous intensive technical guidance. Moreover if the SHG members receive entrepreneurship development training there is often a lack of follow up facilities like capital, market linkages, technical information and marketing techniques, and networking with raw material supplier, buyer of products. Without working out the entire package of services micro credit can easily become a macro debt – pushing the poor into trap they find very hard to escape.

The survey results reveal that 51.95% of the members could not continue the business due to reasons such as low productivity in crop cultivation and livestock rearing, inadequate skills, poor technology, high cost of raw materials, lack of proper guidance, marketing constraints etc. The deterrent factors for entrepreneurship activities have been classified as under:

To facilitate the transition from borrower to entrepreneur attention need to be paid to the following:

- Encourage the SHG members who have the potential to become the entrepreneurs and who utilize the loan for productive purposes
- Provide an enabling environment including choices for setting up micro enterprises and orientation on the basis of micro enterprise management.
- Build the vision and capacity of SHGs during every loan cycle leading to expansion and diversification
- Sustainable growth of enterprises depends on adequate infrastructure like power cold storage transportation and information
- Sub sector approach as a means of sustainable growth of micro enterprises is to be recognized.

Only 48.05 percentage of the respondents had impact of micro enterprises on livelihood. The remaining 51.95 percent could not succeed due to the following

constraints. It means there has been no change in the employment position and income level of 51.95 per cent of the SHG entrepreneurs

Fig 7.2 Deterrent factors for SHG entrepreneurship

Production related	Marketing Related	Others
▪ Poor entrepreneurship qualities ▪ Triple burden of work and least attention to enterprise work ▪ No knowledge about business opportunity identification ▪ No time management skill ▪ Men controlling the enterprises ▪ Poor decision making skills and dependence on men ▪ Rise in cost of raw materials, labour cost, overhead cost ▪ Credit sales problem ▪ Immobility and dependence on male members ▪ Poor quality of products ▪ Poor accounting skills	▪ Lack of marketing information ▪ SHGs cheated by the intermediaries in the marketing process ▪ Stiff competition in the market from established brands ▪ No advertisement for the products ▪ Sympathy – marketing ▪ Middlemen menace ▪ Lack of cooperation among the SHG members to buy SHG products ▪ Expectation of SHGs on NGOs to organize	• Unwillingness of members to undergo training • Untrained NGO staff ▪ Inadequate Trainer of Trainers ▪ Non availability of qualified staff ▪ No proper incentive for NGO staff ▪ Ratio of coordinator to SHGs in high up to 1:80 ▪ No awareness about line department programmes ▪ Lack of cooperation between Panchayat leaders and SHGs ▪ No long term vision

▪ No contact with technical institutions ▪ No convergence with government departments ▪ Non availability of ICT and Business Development Services ▪ NGOs not interested in enterprises of SHGs ▪ No knowledge about insurance facilities ▪ Weak federation ▪ Obsolete technology ▪ Unviable enterprise	- marketing ▪ Inability to reach distant markets - Absence of distribution network - Lack of understanding about consumer requirements - Fail to realize the importance of branding & packaging	
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Entry of majority of SHG women into entrepreneurial ventures has been ‘accidental’ with a host of entry barriers. They are either ‘chance entrepreneurs’ or ‘forced entrepreneurs’. In addition to the threshold personality characteristics, there were specific demands of the function such as complete knowledge of the business to be launched, knowledge of people and team building, gaining command over scarce resource and inputs, marketing of the product and responding to the competition , dealing with public bureaucracy (getting license, electricity concession, registration under SSI), management of human relation, customer and supplier relation, production, management including written records, supervision, coordination, maintenance etc., introduction of new production techniques and products. . The barriers which the SHG entrepreneurs faced, based on the present study can be classified as under:

- Entry and retention barriers due to family responsibilities and triple burden of work

- Educational barriers and the consequent hurdles in dealing with accounts and communications
- Behavioural barriers including low level of confidence , negative self image, lack of initiative, limited time
- Skill barriers including traditional occupational confinement, dependence on NGOs for training, absence of refresher training
- Infrastructure barriers including access to technology attuned support and guidance, business information
- Linkages barriers – backward and forward linkages, vertical and horizontal linkages
- Role barriers including leadership crisis, lack of team spirit and conflicting role demand

Sustainable Livelihoods Vision:

Special intervention by Self Help Promoting institution is needed for expanding the livelihood portfolio. Livelihood options suited to the interested members have to be identified, options have to be generated – both traditional as well non traditional, and resources and skill needed, inter generational experience , knowledge about the markets, investment capability, risk taking ability have to be thoroughly analysed. The Self Help Promoting Institution would need to work very intensely with the groups over a reasonable period of time in instilling capabilities of working together, promoting group dynamics, dealing with service providers, negotiating with external stakeholders, handling large finance and in planning a better livelihood option. The SHPI has to spend good quality time at the group level in helping each other to articulate the livelihood vision and in building the motivation and entrepreneurial abilities.

Proper Book-keeping and Strong Management Information System

With the increase in savings and credit transactions of SHGs, the responsibility of the groups in maintaining proper records also increases. Most SHGs comprise illiterate or semi literate members and therefore find it difficult to maintain their records systematically. Such weaknesses give scope for irregularities. SHPIs need to ensure that along with the growth of savings and credit operations, the skills of the members for accounts and records maintenance need to be upgraded. Simple computerization need too be introduced to streamline the records and to uphold the credibility of the SHGs in the eyes of the members and public.(A model MIS at the group level is given in annexure)

Future Direction – Policy Implications

Since micro credit is able to address the livelihood problems only peripherally following measures are suggested to promote micro enterprises.

- Agricultural and business development services
- Institutional development services
- Micro insurance products
- Infrastructure finance
- Investment in human resource development, including vocational training, nutrition, health, education.
- Establishing systems for accounting performance measurement, incentives, MIS etc.

Need for credit plus approach:

Some of the NGOs confine their role to loan disbursement only. NGOs have a wider role to play in socio-economic transformation of the poor. They have to break the conventional barriers between the people and the bank, should come out with more outreach programmes. Indian Bank's IBSUM project is a model programme, which can be adopted by other banks and the model can be replicated which will pave the way for forging a strong alliance with the community as a whole. The IBSUM model delivers the credit plus services.

Beyond Micro credit - NGO's role

The study proves that economic and social gains for women engaged in Income generating activities are contingent on the support they receive from the NGOs. But some of the NGOs in the study area confine themselves only to savings and credit operations and do not go beyond for promotion of micro enterprise activities. There are no livelihood advisors / Business development service producers or strategies within NGOs to help women start their own business

The NGOs / SHPIs have a dual role to play. Not only should they facilitate the availability of credit from the banks to SHGs, they should also assist SHGs to identify suitable products which they can manufacture and market. These institutions are in the very real sense the Friends, Philosophers and Guides. The study has exposed the successful cases of SHGs which have graduated to micro enterprises stage under the guidance and constant monitoring of NGOs.

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Fig. 7.3 Management of micro enterprises for sustainable Livelihoods: Challenges and Suggestions

Challenges	Recommendation
About 51.% of the members who started micro enterprises could not continue the activity	The NGOs should not only focus on number of people trained under EDP but also on number of units promoted by the SHG women and provide hand-holding support for 6 months to one year.
Dairying is the major activity in the study area with small profit margin due to high cost of maintenance and rise in cost of concentrate feed.	Instead of confining only to liquid milk sales, SHG dairy entrepreneurs may be trained in making value added products out of milk like rose milk, padam milk, ghee, milk khoa, paneer and the like Wastelands in the villager may be allotted

	to SHGs for cultivation of fodder.
Rise in cost of raw-materials or non-availability of raw materials is faced by the SHG entrepreneurs	SHG entrepreneurs may be encouraged to have their own 'activity based networks' which may take up such common functions like procuring raw materials so that bulk purchase would result in price reduction. Until activity based networks emerge, these procurement role can be taken up by the federation of SHGs
Many of the micro enterprises use obsolete technology. Lack of knowledge about packing technology obsolete techniques in agriculture are the problems	As technology alone can improve the productivity, NGOs and government should source the latest appropriate technology from the research institutions and facilitate the transfer of such technologies to the field. Banks should come forward to finance investments in technology. Common Facility Centres can be created at block level well equipped with machineries which can be availed by the SHGs on payment basis

Potential market information is not available to SHG women; they face price fluctuation specially in the sale of agricultural products.	Multi-purpose kiosks-knowledge information centres-should be put in place at the main village manned by the SHG member themselves so that SHG women have access to market information especially in agricultural products. Banks need to come forward to finances such internet kiosks
SHG women are not able to reach out to distant markets	Federations/ NGOs/Activity based networks shall take up the bulk marketing so that better price can be realized. Tie up with fair, trade organisations may be made
Another important constraint faced by SHG is the absence of refresher trainings. EDP trainings and skill training are given before starting the micro enterprises. After starting the units, SHG entrepreneurs face a lot of problems and they need refresher training	Workshop can be conducted district wise for identification of problems. Based on the common problems faced by the first generation entrepreneurs refresher training modules can be developed and refresher training arranged once in quarter to keep them updated in the activity chosen
Some of the areas lack infrastructure in terms of power, water, communication facilities	Infrastructural constraints can be addressed by the local governments. Such demands can be taken up in gram sabha meetings and at the development forums at the district level
18.54 per cent of the SHG women in the study area 'pass on' the loans to men	Special awareness generation and EDP training can be arranged by the NGO with focus on gender concerns

About 94% of the SHG entrepreneurs were not used to maintenance of business accounts of micro enterprises	SHG women need to be sensitized by the NGOs and Banks to maintain the business accounts. Banks need to give weightage to the business account maintenance while they consider higher loans to micro enterprises In the case of illiterates the accounts maintenance function should be taken up by other educated household members or it should be outsourced
The women who are involved in candle making or food processing activities lack professional skills in packaging. This acts as a handicap for their to sell them products	Packing machines may be given as a common facility for which a common facility centre can be created under the supervision of federation at block level. SHG members shall pay user fee which can be used for maintenance of the centre Business development services on packaging design may be given to the members
In the case of paper cup and computer centre, lack of skill on the part of women resulted in appointment from outside . In course of time it resulted in loss of control	Skill development to the enterprise owners should be taken up based on approach
In the case of nursery raising and grocery the members faced the problem of working capital. As grant in the form of material was given the members' expectation for free grant crippled the activities. The members along with World vision staff should have been allowed to	. Equity capital must be made compulsory so that the members will be responsible to plough back their profit into the activities

The study suggest the setting up of Micro enterprise Centre at the block level

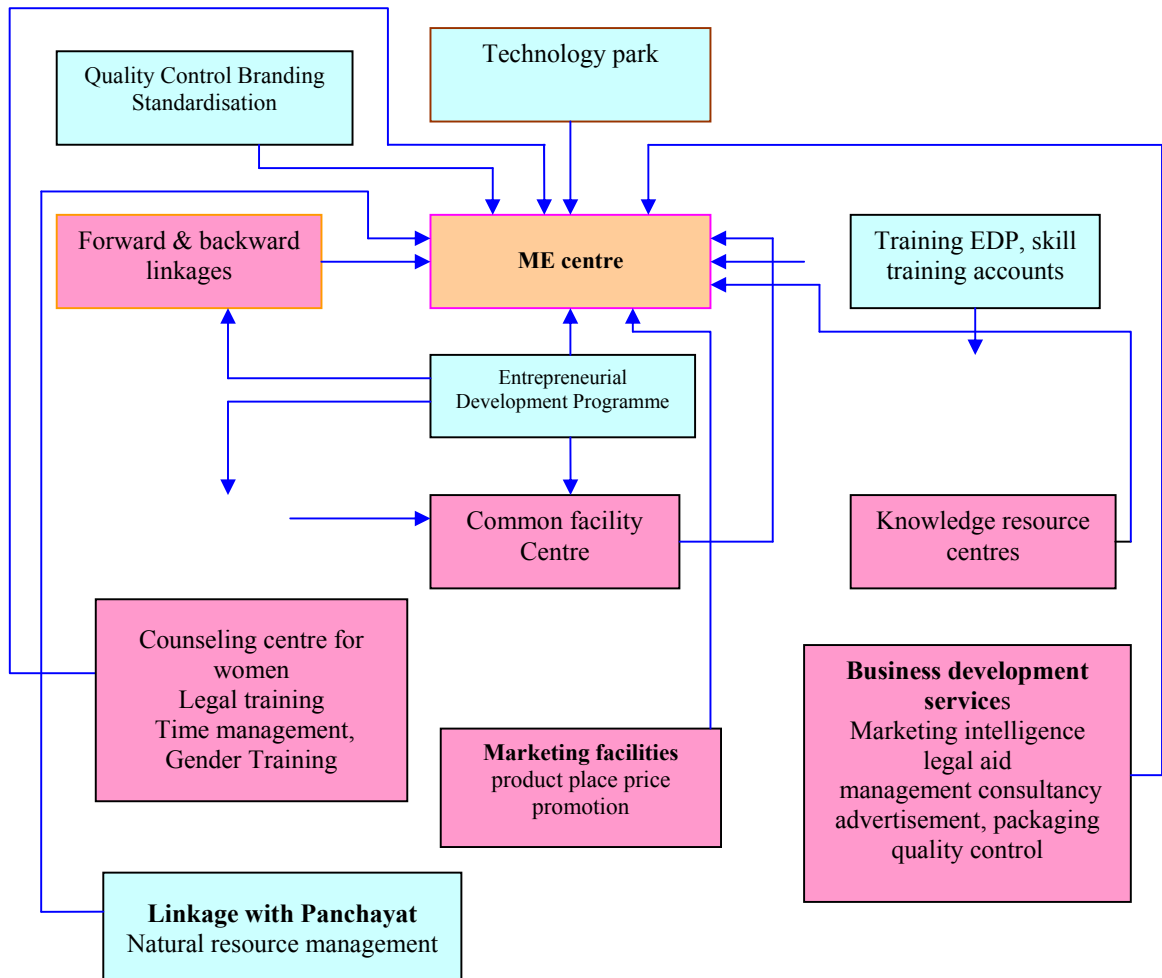
Objectives of the Micro Enterprise Centre

- To increase the skill and productivity base of the SHGs through appropriate technology
- To facilitate the development of producers groups

The Micro Enterprise Centre has to be an autonomous registered body, proposed to be governed by a board, for which members are drawn from various institutions – NGOs, banks, SHG federation, DRDA, and NABARD. All the SHG entrepreneurs should be members of the 'general body', for which a nominal membership fee has to be collected. The Micro Enterprise Centre is expected to trigger the promotion and growth of micro enterprises which will transform the rural scenario and will lead to empowerment of rural people. The Centre will have a business incubation unit and package service facilities which will assist the entrepreneurs in their economic ventures. The user charges collected from the members will be deposited in the name of Micro Enterprise centre in the bank, which will be used to meet the electricity charges and other maintenance expenses.

Fig 7.4. Microfinance - Micro Enterprises centre

Microfinance - Micro Enterprises centre [MFME centre]



- Present but weak
- Absent but to be developed

The survey findings reveal that those groups which came into being without the members fully aware of the vision and mission, the roles and responsibilities became ineffective within short period. On the other hand where ever SHPIs have taken conscious efforts and steps to create better awareness and improve their knowledge practices and skill and where the members have been able to exercise informed choices and constitute a cohesive, dynamic and homogeneous group, the group has become stronger towards sustainability. Many of the SHPIs unfortunately do not appreciate the value of adequately preparing the group on the road to sustainability.

While 48.05 per cent of the SHGs in the study area have made significant inroads in the sphere income generation there are still a number of refinements that need to be worked upon. Despite the presence of inadequacies, the SHGs have bought a positive impact on the sphere of livelihood and social empowerment. The NGO grant and linkage programme loans have helped the individual members improve their quality of life through additional income generation. There is need to design best possible income generating activities for the groups. Most NGOs are interested in micro credit and not in Micro enterprises. Micro credit for SHGs is necessary for poor women but it should not be considered as 'be all and end all'. The SHPIs should provide micro credit along with other services. The services identified in the course of investigation are non formal education, skill training which will help the member

Future strategy must focus more on training and capacity building of members besides ensuring adequate linkage support. While expanding the programme for wider coverage, efforts also need to be focused on strengthening existing groups and institutional building such as producers groups, habitation level federation and district level federation

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APPENDIX – I

Case Study - 1

Reverse Osmosis Plant for Rural Water Treatment – A Business Proposition



Using ground water though of poor quality becomes the only long term solution for many rural areas. Treatment of local ground water is essential since various problems of biological and chemical contamination affect these sources. Fluoride arsenic, nitrate, salinity and biological contamination are broadly the main

pollutants that need to be removed by any water treatment for drinking. Added to these are factors such as color, odor, taste and smell. The only technology till now that has been able to address all these problems together has been that of Reverse Osmosis (RO). The major question with RO has been that of cost and handling of effluent water both of which present constraints. Community RO plants are those being managed by a Trust, elected body or group or cooperatives. This drinking water plant is owned and managed for the business of selling treated water.



Reverse Osmosis water business is an innovative activity undertaken by the Self Help groups at Muthunayakanpatti with an investment of five lakhs, the grant received from World Vision. The water in the area was brackish and not fit for drinking. The World Vision team along with federation members visited Banjara ADP in Andhra Pradesh where the water scheme was implemented profitably. The federation decided to replicate the same at Muthunayakampatti. Eureka Forbes Company came forward to provide the machine on subsidy basis. The investment was made in fixed assets of syntax tanks, machine, and water canes. The main objective of the scheme was to provide clean and potable water to the people at the grassroots.

The water plant was installed and the people developed interest to run the activity with business motivation

An RO Plant's schedule includes the following

Expenses incurred	Rs.5,00,000/-
Plant maintenance contract	Nil (Eureka forbes)
Storage capacity	5000 Lits
Running expenses	Rs.3000/- (one labourer)
Selling price of water	10 Lits (one Pot – Kudam) Rs.5 – Rs.500/ per day
Number of hours in operation	5 hours per day
Production /day	5000 lits
Mode of water distribution	Van / by foot
Disposal of water effluent, ownership of the plant	Nearby agri field, SHG
Mode of funding	World Vision india
Buyers in the village	500

During the first year the average monthly reported income was Rs.10000/- Profit were deposited kept in the SHG account. Subsequently there was a gradual decline in the profit due to the following reasons:

Limitations:

- The Unit is dependent on panchayat for water. The unit does not have independent water source
- Initially the panchayat agreed to pay the electricity bill. But in course of time refused as the activity was done on commercial basis.
- Currently Muthunayakanpatti federation is not strong enough to run the unit , so an individual member expressed interest to run the unit and make profit out of it

Thus the group enterprise which was need based met with success during the initial period but due to improper planning the activity is stagnant.

Case Study - 2

Women in Dry Coconut Business



Coconut is available in plenty in and around Palani, Pollachi and Chatrapatti areas. Kalpana Chavla SHG at Chatrapatti, Annai Teresa group located in K.Keeranur and Valluvar men group at Periyakarattupatti in Oddenchatram block of Dindigul district, decided to carry on dry coconut business. Five members

from each group came forward to do the day to day activities. The corpus fund of the groups was around Rs. 49,200. All the members belonged to the BPL Category. This group was engaged in marketing of coconut kernel. All the members of this group were involved in the process of collecting the kernel. The groups received a grant of Rs. 1,00,000/- each from World Vision with which the coconuts were purchased by World vision from the nearby land owners and given to the members. Four men were engaged on contract basis to separate the outer shell at wage rate of Rs. 100 per day. The dried coconuts were well packed and marketed in Vellakoil (Coimbatore district) at the rate of Rs. 54 per Kg. Each member was able to earn an income of Rs. 2000/month.



Business Plan

Purchase Cost (World Vision Support)

Cost of 1 ton Coconut	Rs.7,500/-
Cost of 13 tons coconut	Rs.97,500/-
Transportation by 407	
1 trip 5 tons	Rs.800/-
3 trips	Rs. 2,400 (Round up Rs. 2,500)

The total Cost Rs.1, 00,000/- (World Vision Contribution)

Processing of Coconut into Copra (Expenses) People's Contribution

1 ton consists of	2400 coconuts
13 tons consists of	31,200 (approximately)
Cutting, crabbing, collection per coconut	20 paise
31,200 coconut x . 20 paise	Rs.6,240/-

Transportation and Delivery of Copra to Vellakoil near Dharapuram

1000 dried coconut	1 sack
31,200 dried coconut	63 sacks
Transportation per sack	Rs.40/-
63 sacks x Rs.40/-	Rs.2, 520/-
Cost of sack per piece	Rs.15/-
Rs.15 x 63 sacks	Rs.945/-
Committee fees (Market) per sack	Rs.5/-
Rs.5/- x 63	Rs.315/-
Transportation of shells	Rs.1,500/-

Total expense Rs.5,280/-

Sales of Copra

One can collect from 100 coconut	150 kgs of Copra
31,200 coconut	4680 Kgs of copra
Selling Price per KG of copra	Rs.30/-
4680 Kgs x Rs.30/-	Rs.1, 40,400/-
Cost of shells per coconut	.20 paise
31,200 X .20 paise	Rs.6,240/-

Total Income Rs.1, 45,140/-

Expenses including purchase Rs.1, 10,520/-

Profit Rs.34, 620/-

Market for finished product

The market is available in Vellakovil near Karur. There is a big mandi (Market) and oil production mills. Always there is a high demand for the Copra. The demand for copra is perennial and the members are able to get sizeable profit out of the traditional venture.

The activity was not without difficulties. They faced the problem of getting the working capital at the time of procurement of coconut. During the rainy seasons they did not have the proper place to store the coconuts. Another constraint was absence of drying yard. At present the activities are carried on in front of their houses with many difficulties. 'We are in need of a common drying yard We have applied for the same which will enable us to expand the scale of operation' said the leader of the group with great hopes.

Case Study - 3

Nila SHG makes Environment friendly products for livelihood promotion.



Nila group in Chinnakulipatti Panchayat in Oddanchatram came into operation in 2003. Monthly savings increased from Rs. 50 to 100/- and the group accumulated a corpus fund of Rs. 52,000/-. The group went an exposure visit to Gandhigram and got motivated to start an arecanut product unit under the

guidance of the SHPI – World Vision. The group members were trained under CAPART project at Gandhigram (Department of rural Development). The machines were purchased and raw materials procured from Athur and Valapadi in Salem District. The members of groups are engaged in all activities such as soaking the leaves in water drying the leaves and operating the machines and packing the products. The group produces different sizes and different shapes of products from arecanut leaf – 12”, 10”, 8”, 6” and size like round, tray and cups. These “use and throw” products are of great demand in hotels, bakery and marriage functions. The units got orders from Kiruba Impex, Karur and dealers from Karaikudi in addition to local demand. This technology based industry is profitable and fetch a monthly profit ranging from Rs.15, 000 to



20,000/-. It serves not only as livelihood for the poor women but also helps in

environment protection. The members learnt to handle the cutting machines and pressing machines and the precautions to be taken in handling the machine. “We produce maximum products without wastage of leaf and also learnt the economics of the activity”.

The main factors which contributed to the success of the activities are the good leadership, grant from World Vision, effective training, contact with outside agencies, information seeking nature of the members, group dynamics and the determination to succeed in life. A refresher training was also organized by World Vision in Chinnakulipatti itself where the unit is located. Per capita income of Rs.4000 per member enabled them to purchase household articles and to meet the educational expenses of children. However the unit is not without limitations. The following constraints have to be overcome for sustainable livelihood.

- The problem of frequent power cuts affected the production capacity of the unit.
- The technology was not women friendly and it needed improvement for the easy handling of the machine

Case Study - 4

Concrete Mixture Unit paved the way for Livelihood



A large number of construction activities are being undertaken in and around Palayapatti by both private people and the government. After the implementation of National Rural Employment Guarantee Scheme the labourers are in scarce as a result of which the contractors prefer concrete mixture machines so that the work

can be completed in time.

Yamuna group at Palayapatti village consisting of 14 members decided to undertake the activity. The group worked out the project proposal under the guidance of World Vision and the external experts scrutinized the project and worked out the cost and returns. After being satisfied with the potential of the unit to yield profit the group was sanctioned a grant of Rs1,00,000/- . The amount was used for the purchase of mixture machine, cement plates, spade and other accessories

Investment in Fixed capital

EFI company cement mixture compression type including two carts	96750
Cement plates	1500
Spade	750
Misecellaneous	1000
Total	1,00,000

The group rented out the cement mixture and earned an annual profit of Rs.2,75,000

Returns of the activity

By renting out 15 days a month (15 days x Rs.2000/day)	30,000
Annual rent for 10 months	3,00,000
Maintenance and depreciation @10%	25,000
Net profit	Rs.2,75,000

The members work as construction labourers in the same construction site and get more income. The group decided to give 25 per cent of the profit to the group corpus fund and the remaining 75 per cent was shared by the members.

Case Study - 5

Artificial ornaments business by gypsy group

The Narikuravar community live in narikuravar colony near Ambilikkai and three Self Help Groups have been formed among them – Barathy SHG, Nehru SHG and Narikuravar SHG. The members of the groups have staunch



belief on self reliance. They usually migrate from place to place and do their business of fancy artificial ornaments.



Generally, poorer and middle class sections both young and old wear artificial chains and they have an attraction towards the colorful fancy beads. The group members possess the traditional skill in artificial ornament making. They purchase the beads of different colors, different varieties and designs. The finished products

are marketed through shops in various states.

Project financial outlay

Purchase of raw materials –spadigama, pavalam, disco beads of different sizes (500 kilo @ Rs.200 per kilo	100000
string (400 kilo@ Rs.500 per kilo)	200000
Wages to the labourers	100000
Total	4,00,000

The group members invested Rs.4 lakh and were able to market their products for Rs. 5, 50,000/- thus getting a profit of Rs.1,50,000/- annually. The men and women of gypsy community travel from south to north selling their products in permanent shops, in fairs and exhibitions. They find assured markets in various districts. In the past they used to borrow from the money lenders at exploitative rates of interest which has been replaced by financial assistance from Word Vision. “A complete transformation has occurred in our life. Before we used to take our children, wherever we went connected with our business. The children had to discontinue their studies and were dropped out from school. After expansion of our business through financial assistance from World Vision, the children of our community are enrolled in school, and are able to meet the educational expenses”.

Case Study - 6

Cattle feed unit resulted in diversification of livelihood activity



The Small Farmers Development Group (men) functions with 18 members at Cherian Nagar. The group was started in 2004. With its long years of experience the members analyzed the various alternatives of livelihood activities in the group meetings. Being an

agricultural belt majority of them were engaged in farm and animal husbandry activities. Agriculture becoming a losing proposition, the farmers concentrated on dairy activities. However the rising cost of fodder posed a threat and swallowed a big proportion of the profit.

The group undertook a market analysis of the dairy animals in the village. The analysis revealed that there were about 420 cows in and around Cherian Nagar including 31 animals distributed to the SHG members by World Vision. The animals yielded 6 litres of milk per day on an average. The milk was sold do Aavin, Hatsun dairy and ABT and the village acts as a milk collection centre for three companies. Majority of the farmers purchased the



cattle feed from the milk collecting companies. These companies collected the amount on installment basis. The agencies like SKM sold the feed once in a fortnight and the cost was deducted in the milk prices. The fodder prices differ from company to company ranging from Rs.775 to Rs.840 per bag which is on a higher side compared to the direct procurement price of Rs.650 per kilo. The dairy farmers purchased the fodder from outside shops at Rs.800 per bag. As one cow needs minimum of 70 kilos of fodder per month obviously there was demand for 29400 kilograms of fodder per month from all the nearby farmers in the villages. The owners of the cow spend Rs.6, 30,000 for fodder. On an average they spend Rs.1260 for one cow per month.

The members of the group decided to purchase 2,94,000 kilograms with one bag of fodder costing Rs. 700 and sell it at the price of Rs.750 per bag, thus getting a profit of Rs. 50 per bag. The members agreed to bear the room rent and electricity expenses and transport charges. The returns from the cattle feed business is given bellow:

Particulars	Amount (Rs)
Sales (420 bags @ Rs.750 per bag)	3,15,000
Net profit per month	15,000
Annual profit	1,80,000

The group transferred 25 per cent of their profit to the group fund and 75 per cent of the profit was shared among the beneficiaries.

The cattle feed business not only brought down the cost of fodder but also brought quality feed to the animals thereby improved the quality of the milk and increasing the milk yield.

Case Study - 7

Nursery raising – a potential activity for livelihood promotion



Vadakadu, a hilly area is suitable for the cultivation of pepper, Butter fruit, Orange, Jack fruit and Coffee. But nursery of these plants is conspicuous by its absence in that area. The farmers faced the problem of getting the saplings of particular varieties especially Nagpur variety oranges. Many-a-times problems give birth to

opportunities. During the Focus Group observation the farmers expressed their difficulty of getting the orange saplings and the willingness to raise Orange Nursery.

Project Financial Outlay:

Leasing one acre of Land with good ground water facilities	15,000
Polythene Cover	5000
Sand, Organic Manure	5000
Hybrid Orange branch 10,000x5	50,000
Transport	15,000
Total	90,000

Returns:

Selling Price of Saplings (10,000 * Rs 20)	2,00,000
Cost of raising saplings	90,000
Net Profit / 3 Months	1,10,000

World Vision took the initiative to procure these saplings at a cost of Rs.1, 00,000/- and handed over to Anbu SHGs. As the members were not involved in the procurement process they marketed the saplings for at a lesser price. On the whole the saplings were sold by the farmers for a lesser amount of Rs.75, 000/- and they did not realize the loss of Rs.25000. They realized amount of Rs.75000/- shared among the members instead of reinvesting in the same activity. Hence the activity could not be continued though it has the potential for success.

Case Study - 8

Rice business for food security



Ganga SHG from Manchanayakanpatti decided to start a rice sales unit in their villages. There is only grocery shop in the entire village from where the people buy the rice. The different varieties which the people need are not available in the shop. There is no separate

shop for rice in the nearby villages. People have to travel 12 kilometers to get the rice. There are about 750 households in the nearby villages including Viralipatti, Poduvarpatti, Kongapatti. The demand for different varieties of quality rice at reasonable price is high in the locality. The group decided to procure the rice at Rs.700 in the wholesale market and sell the same at Rs780 per bag keeping a margin of Rs.80 per bag. The price will be lower than the market price of Rs.800 per bag.



Financial Return

Purchase of 142 bags @Rs.700	Rs. 99400
Sale of rice @ Rs780/bag	Rs.110760
Profit per month	Rs. 11360
25% of the profit for the group fund	Rs.2840
75% of the profit to be distributed among the beneficiaries	Rs. 8520

The SHG members worked together to make it a great success. Today they have quality rice at their homes.

APPENDIX – II

SHGs / members details in Tamilnadu

GROUP FORMATION AS ON 31.03.2012							
S.No	Distinct	Rural		Urban		Total	
		No of groups	No of members	No of groups	No of members	No of groups	No of members
1	Ariyalur	7465	115296	1003	15429	8468	130725
2	Chennai	0	0	31344	483322	31344	483322
3	Coimbatore	9691	148480	9545	147273	19236	295754
4	Cuddalore	16484	255320	4678	72236		327556
5	Dharmapuri	8945	137958	2330	35100	11275	173058
6	Dindigul	12850	198827	4077	62501	16927	261328
7	Erode	11356	175113	7468	115432	18824	290546
8	Kancheepuram	19928	307363	9307	142832	29235	450196
9	Kanniyakumari	7931	121253	9583	147590	17514	268842
10	Karur	8472	131685	2788	43035	11260	174720
11	Krishnagiri	11779	180568	2360	35476	14139	216044
12	Madurai	12236	188752	6407	98522	18643	287274
13	Nagapattinam	13604	210289	3215	49190	16819	259479
14	Namakkal	9778	151942	4143	64061	13921	216003
15	Nilgiris	3896	60400	4198	65102	8094	125502
16	Perambalur	4521	69783	855	13026	5376	82810

GROUP FORMATION AS ON 31.03.2012							
S.No	Distinct	Rural		Urban		Total	
		No of groups	No of members	No of groups	No of members	No of groups	No of members
17	Pudukkottai	12754	196210	2516	38088	15270	234298
18	Ramnad	9899	152776	2589	39780	12488	192557
19	Salem	13188	203675	9330	143079	22518	346754
20	Sivagangai	10125	156856	2170	33247	12295	190103
21	Thanjavur	15841	241905	5124	78930	20965	320836
22	Theni	8024	123459	6082	93841	14106	217300
23	Thiruvallur	13347	226241	8127	139407	21474	365647
24	Thiruvannamalai	18124	206673	3901	119176	22025	325849
25	Thiruvavarur	10873	266525	2199	54550	13072	321075
26	Thoothukudi	12676	171142	5153	37418	17829	208560
27	Tirunelveli	14519	201928	9111	88025	23630	289953
28	Tirupur	9291	143706	4681	72505	13972	216211
29	Trichy	13503	207546	6785	104454	20288	312000
30	Vellore	17168	264677	4466	68180	21634	332857
31	Villupuram	21886	336630	4658	70153	26544	406782
32	Virudhunagar	11937	184044	4027	61692	15964	245736
Total		372091	5737022	184220	2832652	535149	8569677

(Source : TNWDCT, 2013)

APPENDIX - III

INTERVIEW SCHEDULE

1. Group Profile

District :	Block :	SHPI :
1. 1. Name of the member :		
1. 2. Name of the SHG and village :		
1. 3. Participation in SHG since :	Months	years :
1.3.1. Up to 2 years :	1.3.2. Above two to five years	
1.3.3. Above five years		
1. 4. Place		
1.4.1. Rural :	1.4.2. Semi Urban :	
1.4.3. Urban		

2. Socio & Economic Profile of the Members

2.1. Age in years

: 2.1.1. 18 – 35 Years

: 2.1.2. Above 35 to 50 years

: 2.1.3. 50 years and above

Exact: _____

2.2. Educational status

: 2.2.1. Primary

: 2.2.2. Middle

: 2.2.3. High School

: 2.2.4. Graduate

: 2.2.5. Technical

: 2.2.6. Illiterate

Exact: _____

2.3. Marital status

: 2.3.1. Married

: 2.3.2. Unmarried

: 2.3.3. Widow

: 2.3.4. Separated

2.4. Caste

- | | |
|-------------|--------------|
| : 2.4.1. BC | : 2.4.2. MBC |
| : 2.4.3. FC | : 2.4.4. SC |
| : 2.4.5. ST | |

2.5. Religion

- | | |
|--------------------|-----------------|
| : 2.5.1. Hindu | : 2.5.2. Muslim |
| : 2.5.3. Christian | : 2.5.4. Others |

2.6. Land holding status

- | | |
|--------------------------------------|-----------------------------------|
| : 2.6.1. Landless | : 2.6.2. Having own land in acres |
| : 2.6.3. Having leased land in acres | |

2.7. Number of children in the family

- | | |
|----------------------|------------------|
| : 2.7.1. Up to 2 | : 2.7.2. 3 to 4 |
| : 2.7.3. 5 to 6 | : 2.7.4. Above 6 |
| : 2.7.5. No children | : Exact _____ |

b). Earners Vs total members in the family:

2.8. Possession of house

- | | |
|-----------------------|--------------------|
| : 2.8.1. Rented house | : 2.8.2. Own house |
|-----------------------|--------------------|

2.9. If own, Type of house

- | | |
|----------------------|---------------------------------|
| : 2.9.1. Thatched | : 2.9.2. Group house |
| : 2.9.3. Tiled house | : 2.9.4. Concrete / Pucca house |

2.10. Whether you are representing any of the following network / association?

- | | |
|----------------------|-------------------------------|
| : 2.10.1. As members | : 2.10.2. As an office bearer |
|----------------------|-------------------------------|

2.11. Entrepreneurship level of SHG Women

- | |
|--|
| : 2.11.1. First generation entrepreneur |
| : 2.11.2. Second generation entrepreneur |

2.12. Are you a member in the federation?

- | | |
|---------------|--------------|
| : 2.12.1. Yes | : 2.12.2. No |
|---------------|--------------|

2.13. Kind of support given by the federation

- | |
|--------------------------|
| : 2.12.1. Financial help |
|--------------------------|

: 2.12.2. Training on Book maintenance

: 2.12.3. Creating market facilities

: 2.12.4. Others

Exactly _____

2.14. Poverty level

: 2.14.1. Very poor

: 2.14.2. Economically poor

: 2.14.3. Non Poor

3. Micro Credit Particulars

3.1. How much you have saved so far in your SHGs

: Rs.

3.2. Since joining, how much you have borrowed & no. of times borrowed.

	Source	No of time credit availed	Amount of credit availed
3.2.1	Sangam / SHG Loan		
3.2.2	Bank Loan		
3.2.2a	SGSY /RF		
3.2.2b	SGSY / EA		
3.2.2c	THADCO		
3.2.2d	SJSRY		
3.2.2e	TABCEDCO		
3.2.3	NGO		

3.3. About the current SHG / Bank loan availed:

: 3.3.1. Loan amount in Rs. : 3.3.2. Purpose

: 3.3.3. Whether group activity – Yes / No

3.4. Current liabilities outstanding and over dues:

: 3.4.1. Source

a. Sangam loan

b. SHG / Bank loan

: 3.4.2. Amount of loan outstanding

- : 3.4.3. Out of which over dues
- : 3.4.4. Reason for over dues
- : 3.4.5. Loan amount if any diverted from the enterprises
- : 3.4.6. If the asset purchased out bank loan disposed off, if any
- 3.5. Which one you prefer?
 - : 3.5.1. Loan without subsidy
 - : 3.5.2. Loan with subsidy
- 3.6. If you prefer loan without subsidy, the reasons thereof
- 3.7. If you prefer loan with subsidy, the reasons thereof
- 3.8. Would you like to graduate to a level so as to take individual loan from bank later?
 - : 3.8.1. Yes
 - : 3.8.2. No
- 3.9. Have you faced any serious financial crisis, in the last one year?
 - : 3.9.1. Yes
 - : 3.9.2. No
- 3.10. If yes what is the reason for the crisis:
 - : 3.10.1. Successive Drought
 - : 3.10.2. Floods
 - : 3.10.3. Death of the family members
 - : 3.10.4. Prolonged sickness-hospitalization / permanent disability
 - : 3.10.5. Loss in the enterprises
 - : 3.10.6. Marriage in the family
 - : 3.10.7. Children's higher education
 - : 3.10.8. Others.
- 3.11. How you have managed financial crisis?
 - : 3.11.1. By using the personal savings
 - : 3.11.2. By Borrowing
 - : 3.11.3. By insurance coverage
 - : 3.11.4. By using the social networks
 - : 3.11.5. By disposing off assets
 - : 3.11.6. Diversion of working capital
 - : 3.11.7. Others

4. Type of Enterprise

- 4.1. Farm sector
 - : 4.1.1. Agriculture ()

- : 4.1.2. Horticulture ()
- : 4.1.3. Animal husbandry () : 4.1.4. Others

4.2. Non farm sector

- : 4.2.1. Manufacturing ()
- : 4.2.2. Service ()
- : 4.2.3. Trading () : 4.2.4. Others

4.3. Major economic activities, being carried out after availing Micro financial services from the SHG.

- : 4.3.1. Single activity : 4.3.2. Multiple activities

4.4. Micro Enterprise is carried out by

- : 4.4.1. Individual : 4.4.2. Group

4.5. The business is managed by

- : 4.5.1. Male : 4.5.2. Female
- : 4.5.3. Jointly

5. Purpose of the Business

5.1. Do your family members involve in the current business that you undertake?

- : 5.1.1. Yes : 5.1.2. No

5.2. If yes, who supports you most?

- : 5.2.1. Husband : 5.2.2. Mother
- : 5.2.3. Father : 5.2.4. Girl children
- : 5.2.5. Boy children : 5.2.6. Relatives

5.3. Who made the choice of your business?

- : 5.3.1. Family members : 5.3.2. SHG members
- : 5.3.3. SHPI : 5.3.4. Others

5.4. Do you have previous experience on the business that you have ventured?

- : 5.4.1. Yes : 5.4.2. No

5.5. If yes number of years

- : 5.5.1. 1-2 : 5.5.2. 3-4
- : 5.5.3. 5-6 : 5.5.4. 7 and above

Exactly_____

5.6. Reason to involve in this livelihood program

- : 5.6.1. Poverty
- : 5.6.2. Death of bread winner
- : 5.6.3. Stop migration
- : 5.6.4. Educate the children
- : 5.6.5. To create asset
- Any other _____

5.7. How many of them do the same business in the village?

- : 5.7.1. 1-3
- : 5.7.2. 4-6
- : 5.7.3. 6-9
- : 5.7.4. 10 and above

5.8. Have you gone under any capacity building program on the business you have undertaken?

- : 5.8.1. Yes
- : 5.8.2. No

5.9. If yes How many times?

- : 5.9.1. 1-2
- : 5.9.2. 2-4
- : 5.9.3. 4 and above

6. Enterprise Management

6.1. Do you keep business records / accounts separately for your enterprise?

- : 6.1.1. Yes
- : 6.1.2. No

6.2. If yes, what record you maintained?

- : 6.2.1. All records
- : 6.2.2. Only expense a/c
- : 6.2.3. Only credit sales a/c
- : 6.2.4. Others

6.3. How do you manage the enterprises?

- : 6.3.1. yourself
- : 6.3.2. Yourself and your husband
- : 6.3.3. Your husband
- : 6.3.4. Other family members
- : 6.3.5. Yourself and other family members
- : 6.3.6. By outsiders
- : 6.3.7. By SHG

6.4. How many members are employed including yourself?

- : 6.4.1. 1
- : 6.4.2. 2-5
- : 6.4.3. 6-10
- : 6.4.4. above 10

6.5. How do you equip yourself to meet the changing needs of the business environment?

- : 6.5.1. By reading relevant news / reports
- : 6.5.2. By attending training / workshops
- : 6.5.3. By taking the expert advice
- : 6.5.4. By joining industry network organizations and taking their help
- : 6.5.5. Do not do anything
- : 6.5.6. others

6.6. How do you manage to get through the competition?

- : 6.6.1. By cutting down the cost of production
- : 6.6.2. By introducing the latest technology
- : 6.6.3. By bringing out new products
- : 6.6.4. By defining new market
- : 6.6.5. By promoting better packaging
- : 6.6.6. By expanding / diversifying
- : 6.6.7. Others

6.7. What kind of BDS (Business development Services) you have used for your enterprises?

- : 6.7.1. Training
- : 6.7.1. Technical assistance for Product / Process development
- : 6.7.1. Packaging
- : 6.7.1. Market information
- : 6.7.1. Business management
- : 6.7.1. Quality control

6.8. If you have not used the BDS, reason thereof?

6.9. Have you faced risk and shock in this livelihood activity?

- : 6.9.1. Yes
- : 6.9.2. No

6.10. High light the incidents

6.11. How you over came?

- : 6.11.1. Support from family members
- : 6.11.2. Support from SHPI
- : 6.11.3. Support from SHG / PLF/ CLF
- : 6.11.4. Support from Banks
- : 6.11.5. Never over came

6.12. How is the trend (demand) of the business?

- : 6.12.1. Increasing
- : 6.12.2. Decreasing
- : 6.12.3. Stagnant

6.13. If increasing, from where the demands come?

- : 6.13.1. Local village
- : 6.13.2. Outside
- : 6.13.3. Both

6.14. Can we see any visible outcome out of the business (enhancement in the creation of assets).

- : 6.14.1. Construction of House
 - : 6.14.2. Extension of the building
 - : 6.14.3. Purchase of two wheeler
 - : 6.14.4. Purchase of household materials (mention _____)
 - : 6.14.5. Poultry shed
 - : 6.14.6. Purchase of land
 - : 6.14.8. Others _____
- 6.15. Is the new livelihood activity increased your annual income of the family?
- : 6.15.1. Yes
 - : 6.15.2. No
- 6.16. Do you have the needed skill to venture into this livelihood activities?
- : 6.16.1. Yes
 - : 6.16.2. No
- 6.17. Do the SHPI provide the needed capacity building training to you?
- : 6.17.1. Yes
 - : 6.17.2. No
- 6.18. If you face any shortfall in the business, do you have the ability to collect the needed credit support to go ahead with the business?
- : 6.18.1. Yes
 - : 6.18.2. No
- 6.19. If yes, who supports you financially?
- : 6.19.1. SHPI
 - : 6.19.2. Banks
 - : 6.19.3. Family Members
 - : 6.19.4. SHG members
 - : 6.19.5. Others
- 6.20. Did you have sufficient capacity building trainings before venturing into the new business?
- : 6.20.1. Yes
 - : 6.20.2. No
- 6.21. If yes who provided you the training?
- : 6.26.1. SHPI
 - : 6.26.2. Banks
 - : 6.26.3. BDO officers
 - : 6.26.4. SHG
 - : 6.26.5. Others
- 6.22. State the duration of the training
- : 6.22.1. 1 day
 - : 6.22.2. 1 week
 - : 6.22.3. 2 weeks
 - : 6.22.4. 1 month
 - : 6.22.5. Others
- 6.23. Do you have the capacity to run this business?
- : 6.23.1. Yes
 - : 6.23.2. No

6.24. If no what are the capacity building trainings that you expect?

7. Economics of enterprise

7.1. Raw Material Cost :

7.2. Transportation Cost :

7.3. Management Cost :

7.4. Rent :

7.5. Fixed Capital :

7.6. Gross Profit :

7.7. Net Profit

8. Entrepreneurship characteristics particulars

8.1. Total Investments : Rs.

8.2. Source of Fund

: 8.2.1. NGO - (Rs) :

8.2.2. Own fund : 8.2.3. Sangam / SHG Loan : 8.2.4.

Bank loans : 8.2.5. Others

8.3. SHG / Bank loan funds invested in which activities

: 8.3.1. Existing enterprises : 8.3.2. New Enterprises

8.5. What kind of reaction in your family on your entry into enterprises?

: 8.5.1. Family support : 8.5.2. No support from the family

: 8.5.3. Family resisted the entry

8.6. Stages of Growth of micro enterprises - Three point scales:

8.6.1. During the last 12 months, what happened to your enterprise's total scale?

i. Low ii. Moderate iii. High

8.6.2. During the last 12 months, what happened to your enterprise's net profit?

i. Low ii. Moderate iii. High

8.6.3. During the last 12 months, what happened to your Customer base?

i. Low ii. Moderate iii. High

8.6.4. During the last 12 months, what happened to your enterprise's fixed / working assets? Work shed, Machinerics , equipments, tools, vehicle, Raw materials & so on

i. Low ii. Moderate iii. High

8.6.5. During the last 12 months, new job creation by your enterprises

i. Low

ii. Moderate

iii. High

8.7. If enterprises recorded moderate and high stages of growth, reason thereof

8.7.1. Good sales in the existing micro enterprises

8.7.2. Addition of new enterprises

8.7.3. Entered the new market

8.7.4. New technology reduced the cost of production

8.7.5. New product

8.7.6. Input purchased in bulk at cheaper price

8.7.7.. others

8.9. If your enterprise recorded low stage of growth

8.9.1. Poor sales

8.9.2. Rise in cost of inputs

8.9.3. Lack of power supply

8.9.4. Working capital shortage

8.9.5. Interest burden due to high cost debts

8.9.6. Technology obsolete

8.9.7. Management failure

8.9.8. Others

8.10. During the last 12 months, whether you have used your incremental income in a tangible way.

8.10.1. Yes

8.10.2. No

8.11. If yes, how you have utilized the incremental income in a tangible way?

8.11.1. Improved the Housing

8.11.2. Constructed new work shed / improved the existing one

8.11.3. Invested in children's education

8.11.4. Improved the health and nutritional care to the family members

8.11.5. Reinvested in the same enterprises

8.11.6. Diversified to new enterprises

8.11.7. Cleared off / brought down the debt burden

8.11.8. Lent to others

8.11.9. Purchased consumer durables / jewellery

8.11.10. Deposited for future needs

8.11.11. Purchase of jewels

8.11.12. Others

8.12. Number of laborers working along with you

: 8.12.1. Single

: 8.12.2. Two

: 8.12.3. Three

: 8.12.4. More than four

8.13. Motivation to become entrepreneur

: 8.13.1. Suggested by others

: 8.13.2. Family

: 8.13.3. NGO

: 8.13.4. Own

: 8.13.5. Others

9. IMPACT

9.1. Status of income before and after the initiation of business

S.No	For the respondent	Pre SHG	Post SHG
9.1.1	Average annual income		
9.1.2	Income yielding commercial goods and assets		
9.1.3	Women/ men days employed / year		

9.2. Did your annual income increase after the intervention in the business?

9.2.1. Yes

9.2.2. No

9.3. Have you inherited assets after involving in the livelihood promotion activity?

9.3.1. Yes

9.3.2. No

9.4. If yes, mention the assets that you have created

: 9.4.1. Infrastructure

: 9.4.2. Attained skill training

: 9.4.3. Purchased land

: 9.4.4. Savings and investments

: 9.4.5. Self esteemed and social participation

10. Missing links:

10.1. What are the factors / assistance needed for rapid development of Micro enterprises in your area?

10.1.1.

10.1.2.

10.1.3.

10.2. What is the constraint faced by you while promoting / managing your enterprise?

10.2.1.

10.2.2.

10.2.3.